Taiwan Industrial Automation

Navigating the cycle: Assuming coverage of AirTAC (OW) and Hiwin (N); initiating on Syntec (OW)

Taiwan Industrial

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com
J.P. Morgan Securities (Taiwan) Limited

Karen Li, CFA
(852) 2800-8589
karen.yy.li@jpmorgan.com
J.P. Morgan Securities (Asia Pacific) Limited/ J.P. Morgan Broking (Hong Kong) Limited

We assume coverage of AirTac (at OW) and Hiwin (at Neutral), and initiate coverage of Syntec (at OW) in Taiwan's industrial automation sector. We see an upcycle underway, supported by recovering machine-tool demand, policy-backed manufacturing upgrades in China, and structural AI/semis investment. However, performance across the sector may vary, depending on company growth drivers, profitability and valuation. We prefer AirTAC and Syntec (both OW) over Hiwin (N), reflecting their stronger profitability and better risk-reward, while Syntec is relatively under-covered with no foreign broker covering it currently.

- **Cyclical recovery and structural capex support industry cycle.** Japan Machine Tool Builders' Association (JMTBA) machine-tools orders, a leading indicator of factory automation cycle, rose 65% YoY in Aug 2026, marking the 14th consecutive month of growth, while Taiwan machinery export orders rose 23% YoY in 9M26. Beyond the cyclical recovery, AI/semis investment provides structural demand, with our tech team forecasting semis capex growth of 58%/29% YoY in 2026/27. Longer-term, broader industrial robotics adoption and humanoid robot commercialization should offer additional growth opportunities for Taiwan's component and module suppliers.
- **Growth drivers and profitability differentiate performance through the cycle.** While all three names benefit from industry tailwinds, solid growth drivers should drive higher profits for AirTAC and Syntec (FY26-28E ROE at 23%-46% vs. Hiwin at 8-9%). AirTAC continues to gain share in China's pneumatic market, targeting 35%+ by 2030E from 30% in 1H26, with margins staying resilient on improved efficiency. Syntec's cost-performance advantage and responsive customer services underpin its rising CNC penetration in China, while its product mix upgrades and smart-manufacturing business expansion reinforce further growth. We believe both should consistently outperform their respective markets with better through-cycle resilience. Hiwin's extended lead times enhance pricing and order visibility, but its AI/semis and robotics contributions will likely ramp gradually, preventing material near-term earnings upgrades. Intensifying Chinese competition and more cyclical margins pose higher downside risks.
- **AirTAC = Syntec > Hiwin: prefer quality and growth at attractive valuation.** AirTAC is our quality pick, on proven share-gains, resilient margins through downcycles and an undemanding 16x FY27E P/E, at 1-std below its LT-avg. Syntec offers greater earnings growth potential on rising market share and improving product mix, at an attractive 15x FY27E P/E. Hiwin provides better near-term order visibility and liquidity, but its weaker profitability, premium valuation of 27x FY27E P/E and greater potential downside limit its risk-reward, driving our preference for AirTAC and Syntec.

Equity Ratings and Price Targets

Company	Ticker	Mkt Cap ($ mn)	Price CCY	Price	Rating Cur	Rating Prev	Price Target Cur	Price Target End Date	Price Target Prev	Price Target Prev End Date
AirTAC	1590 TT	6,784	TWD	1,100.00	OW	n/c	1,600.00	Dec-27	1,350.00	Dec-26
Hiwin	2049 TT	3,262	TWD	299.00	N	UW	310.00	Dec-27	160.00	Dec-26
Syntec	7750 TT	4,010	TWD	1,810.00	OW	—	2,580.00	Dec-27	—	—

Source: Company data, Bloomberg Finance L.P., J.P. Morgan estimates. n/c = no change.All prices as of 22 Oct 26.

See page 69 for analyst certification and important disclosures, including non-US analyst disclosures.

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

J.P.Morgan

Table Of Contents

Investment Summary **3**
Valuation Analysis **9**
AirTAC: Dec-27 PT of NT$1,600 based on 22x 12M forward EPS 9
Hiwin: Dec-27 PT of NT$310 based on 27x 12M forward EPS 10
Syntec: Dec-27 PT of NT$2,580 based on 20x 12M forward EPS 11
Industry Analysis **14**
I. Industrial automation cycle continues to show strength 14
II. CAPEX outlook by industry 18
III. Robotics as the long-term growth driver 21
IV. Competitive landscape 24
AirTAC **27**
Investment Thesis 29
Investment Risks 32
Company Background 33
Financial Analysis 35
Hiwin **41**
Investment Thesis 43
Investment Risks 45
Company Background 46
Financial Analysis 48
Syntec **55**
Investment Thesis 57
Investment Risks 60
Company Background 61
Financial Analysis 63

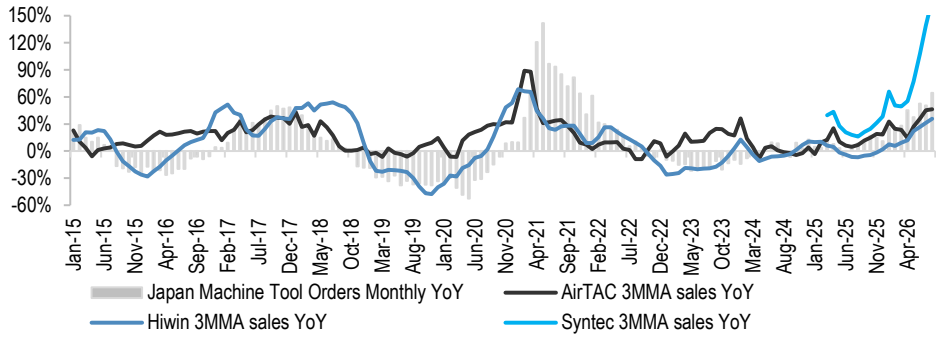
Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

J.P.Morgan

Investment Summary

The industrial automation cycle is supported by cyclical recovery and structural capex. From a top-down perspective, we see indicators remaining constructive, including: 1) JMTBA (Japan Machine Tool Builders' Association) orders rose 65% YoY in Aug 2026 for the 14th consecutive monthly increase, while China orders were still robust at 62% YoY; Taiwan machinery export orders increased 23% YoY in 9M26, with linear guideway/ball screw exports also up 13%/10% YoY, respectively. 2) AI and semiconductor capex are providing a structural driver, with our tech team forecasting semi capex growth of 58%/29% YoY in 2026/27E, and AI-driven manufacturing and infrastructure buildouts adding incremental automation demand. 3) In the long-run, robotics offers another growth driver, with industrial robot applications expanding and humanoid commercialization to ramp up in 2027, driving global humanoid robot shipments to c.1.75mn units by 2030E per our industrial team's forecasts, and benefiting Taiwan's component and module suppliers.

Figure 1: Monthly Japan Machine Tools Order growth vs company sales growth



Source: JMTBA, Company data, J.P. Morgan.

Pecking order: AirTAC (OW) = Syntec (OW) > Hiwin (N). We assume coverage of AirTAC at OW and Hiwin at Neutral, and initiate on Syntec at OW. While all three names benefit from the industrial automation upcycle, we prefer AirTAC and Syntec for their stronger profitability, more structural growth drivers, and better risk-reward. Hiwin offers greater near-term order visibility and liquidity, but its lower ROE, premium valuation, and higher margin-downside risk limit its relative appeal.

1. **Stronger profitability and returns.** AirTAC and Syntec have higher-quality business models, with FY26E GM/OPM/ROE of 49%/34%/23% and 46%/29%/46%, well ahead of Hiwin's 34%/13%/8%. We believe AirTAC's scale, operating efficiency, and proven share-gain track record, together with Syntec's improved product mix and continued market share growth, should support better through-cycle earnings resilience. By contrast, Hiwin's lower structural ROE and greater exposure to price competition leave it more vulnerable in a downturn.
2. **More structural growth drivers.** AirTAC and Syntec have clearer self-help drivers, incl. AirTAC's China share gains and efficiency improvements, and Syntec's rising CNC controller penetration, product upgrades, and increasing turnkey adoption. New applications such as AirTAC's electrical controllers/ semiconductor exposure and Syntec's smart manufacturing business also add to medium-term growth potential.

3. **Better risk-reward.** AirTAC trades at 16x FY27E P/E, c.1-std below its 10Y average forward P/E, which we view as undemanding given its resilient margins and expanding market share. Syntec's valuation of 15x FY27E P/E remains attractive relative to its earnings growth and peer valuations, supported by share gains and product mix upgrades. Hiwin benefits from better near-term order visibility and liquidity, which however we believe is largely reflected in its 27x FY27E P/E, while weaker ROE and greater margin sensitivity in a downturn limit relative upside.

AirTAC: Quality growth in China's automation upcycle (OW; Dec-27 PT NT $1,600). AirTAC is China's second-largest pneumatic components supplier with 30% market share in 1H26 (vs 33% for SMC), and is delivering above-industry growth, driven by: 1) continued share gains to c.35%+ by 2030E; 2) resilient GM of 49.1% in our FY26/27E forecast on improved utilization and efficiency; and 3) solid pneumatic demand with key end markets (e.g. electronics, batteries, autos, machinery) growing double-digits in FY26E. Following 32% underperformance vs the TAIEX since the August peak, we view the pullback as largely seasonal with valuation undemanding at 16x FY27E P/E, and expect momentum to improve into the 2Q27 peak season. Our PT of NT$1,600 (45% potential upside) is based on a target P/E of 22x and a 12M fwd EPS of NT$72.7, supported by a 20% EPS CAGR in FY25-28E. Key risks incl.: faster-than-expected cycle normalization, margin pressure from competition/raw material costs, execution risks on new growth initiatives, and higher-than-expected opex.

Hiwin: Solid visibility but valuation and margin cyclicality limit upside (N; Dec-27 PT of NT$310). Hiwin is a leading linear guideways and ball screws supplier, benefiting from the recovering automation cycle and rising AI/semiconductor and robotics demand, while the extended lead times (4-6 months for linear guideways; 6 months for ball screws) should also support pricing power and order visibility. However, Hiwin's valuation remains relatively demanding, with its 27x FY27E P/E representing a 30-40% premium to domestic peer average despite structurally lower profitability and greater margin downside in a cyclical downturn. With semiconductor and robotics contributions expected to ramp up gradually, we see limited room for material earnings upgrades and further re-rating potential, resulting in its less compelling risk-reward than peers. Our PT of NT$310 (4% upside) is based on 27x 12M forward EPS, reflecting no re-rating/de-rating impulse from here to our PT horizon. Key upside risks include a faster ramp-up in semiconductor equipment and robotics, stronger margin expansion, and sustained order momentum; downside risks include a slowdown in the automation cycle, intensifying competition, rising raw material costs, and adverse FX fluctuations.

Syntec: A rising share gainer from controllers to smart factories (OW; Dec-27 PT of NT$2,580). Syntec supplies CNC controllers (48% of FY25 revenue) and servo products (47%), with >90% of revenue from China. Following its 104% YoY revenue growth in 9M26, we see further growth potential driven by: 1) continued share gains in China's CNC controller market, from c.20% in FY24 to >25% in FY26E, supported by stable lead times amid memory supply disruptions, cost-performance advantage, strong local service capabilities, and an open platform architecture that enables better customization; management targets 33% share by 2030E and expects its controller revenue growth to outpace the industry by 10-15ppt annually; 2) product mix upgrades and rising turnkey penetration, with c.90% of controllers bundled with servos, increasing Syntec's content per machine and strengthening customer retention through more integrated control-and-servo solutions; and 3) expansion in smart manufacturing (incl. robotics and cloud services), where we forecast 103%/61% YoY revenue growth

in FY26/27E as Syntec leverages its installed base of controllers and servo systems to cross-sell robotics and factory-automation solutions.

Despite outperforming the TAIEX by 54% YTD, Syntec trades at 15x FY27E P/E, which we view as undemanding given a stronger 2H26 vs. 1H26 and our EPS growth forecast of 167%/27% YoY in FY26/27E. Our Dec-27 PT of NT$2,580, implying 43% upside, is based on 20x 12M forward EPS, underpinned by a 54% FY25-28E EPS CAGR and an improving earnings trajectory vs. its own history. Key risks include share gains failing to materialize or persist after the memory disruption eases, component cost inflation and supply constraints, China revenue concentration and cyclicality, and higher-than-expected opex.

Where are we vs consensus? Relative to Bloomberg consensus, our forecasts are broadly aligned on revenue, with differences driven mainly by margin and operating leverage assumptions. For AirTAC, we are only slightly above consensus in FY26E but below in FY27-28E, with revenue differences of +1%/-2%/-3% and EPS differences of +1%/-3%/-5%. This reflects a more conservative view on growth outlook as the cycle normalizes, given pneumatic's typically short lead times and limited order visibility. For Hiwin, our revenue forecast is broadly in line through FY27E and more constructive in FY28E (+1%/+2%/+12%), but our GM and OPM assumptions are more conservative in FY26-28E. For Syntec, we are more positive on the near-term, with FY26E revenue +5% and EPS +9% vs. consensus, supported by stronger demand and mix; the gap narrows in FY27E, with revenue broadly in line and EPS +3%, while FY28 consensus is unavailable.

Table 1: Company comparison - AirTAC vs Hiwin vs Syntec

Company	AirTAC	HiWin	Syntec
Ticker	**1590 TT Equity**	**2049 TT Equity**	**7750 TT Equity**
Establishment	1988	1989	1995
Market cap (US$mn)	6,759	3,250	3,995
FINI holding	80%	39%	16%
YTD performance	21%	55%	113%
1M performance	-11%	-10%	-8%
FY25 Financials			
Sales (US$mn)	1,105	781	449
YoY sales growth	*12%*	*-1%*	*29%*
Gross margin	46%	29%	46%
Operating margin	30%	7%	20%
ROE	17%	4%	28%
Net debt/equity	-7%	6%	-66%
Capex (US$mn)	90	89	24
CAPEX to sales	*8%*	*11%*	*5%*
Sales mix by region	China (94%); Taiwan (2%); Overseas (4%)	Taiwan (44%); China (21%); Germany (16%); U.S. (5%); Japan (4%); Others (10%)	Asia (98%); Taiwan (1%); Overseas (0%)
Sales mix by product	Pneumatic actuator (47%); Pneumatic control component (21%); Air preparation unit (6%); Others (26%)	Linear guideways (62%); Ball screws (20%); Robots (9%); Others (9%)	Controllers (48%); Servos (47%); Smart manufacturing (3%); Others (2%)

Source: Company data, Bloomberg Finance L.P., TEJ, J.P. Morgan. Note: data as of Oct 22, 2026. Past performance is not an indicator of future results.

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

J.P.Morgan

Table 2: Financial summary by company

Company	1Q26	2Q26	3Q26E	4Q26E	FY24	FY25	FY26E	FY27E	FY28E
Revenue (NT$m; YoY)									
AirTAC	10,014	12,164	11,512	10,961	30,660	34,330	44,651	49,268	53,517
YoY	*24%*	*36%*	*40%*	*21%*	*3%*	*12%*	*30%*	*10%*	*9%*
Hiwin	6,379	7,508	8,110	8,049	24,392	24,263	30,046	35,072	37,048
YoY	*9%*	*27%*	*35%*	*24%*	*-1%*	*-1%*	*24%*	*17%*	*6%*
Syntec	4,865	8,260	7,805	7,851	10,808	13,960	28,781	35,883	38,807
YoY	*49%*	*107%*	*158%*	*112%*	*37%*	*29%*	*106%*	*25%*	*8%*
EPS (NT$; YoY)									
AirTAC	13.4	16.6	15.6	14.7	38.1	42.0	60.2	67.1	72.7
YoY	*38%*	*63%*	*48%*	*27%*	*9%*	*10%*	*43%*	*11%*	*8%*
Hiwin	1.6	2.4	2.5	2.5	5.6	4.3	9.0	11.1	11.5
YoY	*20%*	*527%*	*98%*	*92%*	*-3%*	*-23%*	*110%*	*23%*	*4%*
Syntec	15.4	27.1	24.8	26.3	22.3	35.1	93.6	119.1	129.0
YoY	*100%*	*185%*	*339%*	*104%*	*106%*	*57%*	*167%*	*27%*	*8%*
GM (%)									
AirTAC	48.0%	49.7%	49.3%	49.1%	46.7%	46.0%	49.1%	49.1%	48.7%
Hiwin	31.9%	34.2%	34.6%	34.3%	29.6%	28.8%	33.8%	34.2%	33.6%
Syntec	48.8%	44.1%	45.6%	45.7%	43.9%	45.8%	45.7%	45.9%	45.6%
OPM (%)									
AirTAC	33.2%	35.1%	34.0%	33.8%	29.4%	30.0%	34.1%	34.2%	34.2%
Hiwin	9.9%	13.8%	14.1%	12.8%	8.4%	6.8%	12.8%	13.8%	13.5%
Syntec	25.8%	28.9%	29.2%	29.6%	15.2%	20.2%	28.7%	30.1%	30.1%
ROE (%, annualized)									
AirTAC	20.7%	25.1%	22.1%	21.1%	16.9%	16.7%	22.6%	23.7%	23.4%
Hiwin	5.8%	8.5%	8.6%	8.6%	5.5%	4.1%	8.2%	9.5%	9.3%
Syntec	37.7%	61.0%	48.4%	45.6%	34.3%	28.1%	46.1%	42.6%	36.8%

Source: Company reports, J.P. Morgan estimates.

Table 3: Monthly revenues and growth by company

	Revenues (NT$m)			Revenues (YoY)			Revenues (MoM)		
Month	**AirTAC**	**Hiwin**	**Syntec**	**AirTAC**	**Hiwin**	**Syntec**	**AirTAC**	**Hiwin**	**Syntec**
Jan-26	3,702	2,150	1,676	66.8%	13.1%	102.9%	11.8%	-3.1%	13.8%
Feb-26	2,171	1,872	942	-8.4%	-3.0%	2.7%	-41.4%	-12.9%	-43.8%
Mar-26	4,140	2,357	2,246	18.1%	17.4%	48.6%	90.6%	25.9%	138.5%
Apr-26	4,342	2,474	2,920	25.2%	20.7%	94.9%	4.9%	5.0%	30.0%
May-26	3,909	2,480	2,690	40.4%	28.2%	88.3%	-10.0%	0.2%	-7.9%
Jun-26	3,913	2,554	2,650	44.9%	31.6%	151.4%	0.1%	3.0%	-1.5%
Jul-26	3,994	2,682	2,870	50.8%	33.9%	202.6%	2.1%	5.0%	8.3%
Aug-26	3,708	2,708	2,437	43.3%	42.3%	151.1%	-7.2%	1.0%	-15.1%
Sep-26	3,811	2,720	2,499	26.6%	30.1%	125.1%	2.8%	0.4%	2.6%

Source: MOPS.

Table 4: Price target analysis by company

Item	AirTAC	Hiwin	Syntec
Dec-27 PT (NT$)	1,600	310	2,580
12M forward EPS (NT$)	*72.7*	*11.5*	*129.0*
Target P/E multiple (x)	*22.0*	*27.0*	*20.0*
Share price (NT$, Oct 22, 2026)	1,100	299	1,810
Implied upside/downside (%)	*45%*	*4%*	*43%*
FY27E P/E (x, JPME)	16.4	26.9	15.2
FY27E P/E (x, BBG)	15.9	25.2	15.7
12M Fwd P/E_Current (x, BBG)	17.2	27.4	17.4
12M Fwd P/E_10Y average (x, BBG)	23.6	33.7	16.3
EPS CAGR (FY25-28E)	20%	39%	54%
ROE (FY27E)	24%	9%	43%

Source: Bloomberg Finance L.P. estimates, J.P. Morgan estimates. Note: Syntec's 10Y average forward P/E refers to its average P/E since listing on TWSE in 2025.

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

Table 5: Valuation summary by company

Company	10/22/2026 Ticker	Price (LCY)	Mkt Cap (US$mn)	3M_ADV (US$m)	P/E (x) 26E	P/E (x) 27E	P/B (x) 26E	P/B (x) 27E	ROE 26E	ROE 27E	EPS growth 26E	EPS growth 27E
JPM estimates												
AirTAC	1590 TT	1,100.0	6,759	37	18.3	16.4	4.1	3.7	22.6%	23.7%	43.3%	11.4%
Hiwin	2049 TT	299.0	3,250	45	33.1	26.9	2.6	2.5	8.2%	9.5%	109.6%	22.8%
Syntec	7750 TT	1,810.0	3,995	19	19.3	15.2	7.6	5.9	46.1%	42.6%	166.5%	27.2%
BBG consensus												
AirTAC	1590 TT	1,100.0	6,759	37	18.5	15.9	3.8	3.4	21.5%	22.6%	41.8%	16.0%
Hiwin	2049 TT	299.0	3,250	45	32.2	25.2	2.7	2.5	8.8%	10.4%	115.2%	27.9%
Syntec	7750 TT	1,810.0	3,995	19	21.2	15.7	7.6	5.7	44.3%	47.5%	143.5%	34.7%

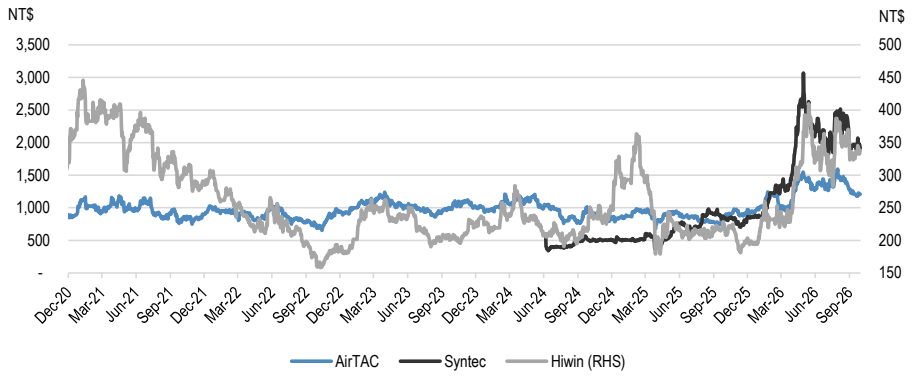
Source: Bloomberg Finance L.P., J.P. Morgan estimates.

Table 6: YTD share price performance by company

Company	Ticker	22-Oct-26 Price	Absolute performance 1m	3m	6m	YTD	Relative to TWSE 1m	3m	6m	YTD
AirTAC	1590 TT	1,100	-11%	-22%	-15%	21%	-8%	-24%	-37%	-38%
Hiwin	2049 TT	299	-10%	-6%	-4%	55%	-7%	-9%	-25%	-4%
Syntec	7750 TT	1,810	-8%	-16%	-11%	113%	-4%	-19%	-33%	54%
TAIEX	TWSE Index	46,041	-4%	3%	22%	59%	0%	0%	0%	0%

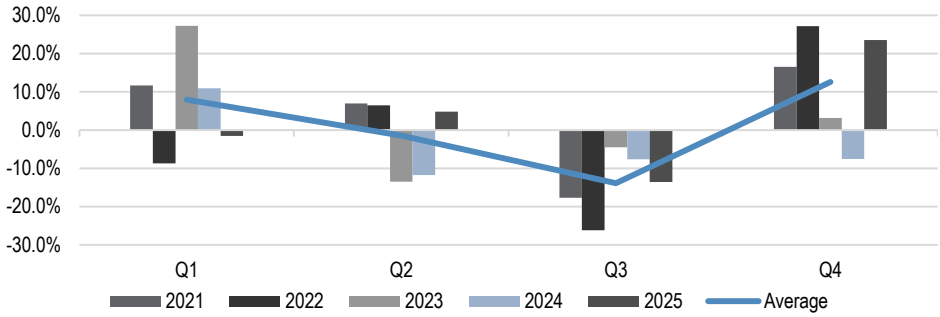
Source: Bloomberg Finance L.P. Note: Past performance is not an indicator of future results.

Figure 2: Historical share price trend by company



Source: Bloomberg Finance L.P. Note: Past performance is not an indicator of future results.

Figure 3: AirTAC's share performance typically softens in Q3 and tends to improve in Q4



Source: Bloomberg Finance L.P.

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

Table 7: Annual JPMe vs BBG consensus estimates – AirTAC

	JPMe			Consensus			Difference (JPMe vs. Con)		
NT$m	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Revenues	44,651	49,268	53,517	44,172	50,093	55,206	1%	-2%	-3%
Gross profit	21,904	24,183	26,065	21,580	24,566	26,796	2%	-2%	-3%
Operating profit	15,204	16,872	18,276	15,017	17,296	19,054	1%	-2%	-4%
Pre-tax profit	15,329	16,978	18,417	15,225	17,565	19,364	1%	-3%	-5%
Net income	12,039	13,413	14,549	11,923	13,815	15,193	1%	-3%	-4%
GM (%)	49.1%	49.1%	48.7%	48.9%	49.0%	48.8%	13 bps	6 bps	-7 bps
OPM (%)	34.1%	34.2%	34.2%	34.1%	34.7%	34.4%	-7 bps	-46 bps	-23 bps
EPS (Basic, NT$)	60.2	67.1	72.7	59.5	69.0	76.3	1%	-3%	-5%

Source: Bloomberg Finance L.P. estimates, J.P. Morgan estimates.

Table 8: Annual JPMe vs BBG consensus estimates – Hiwin

	JPMe			Consensus			Difference (JPMe vs. Con)		
NT$m	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Revenues	30,046	35,072	37,048	29,864	34,334	33,067	1%	2%	12%
Gross profit	10,164	11,993	12,460	10,218	12,204	11,190	-1%	-2%	11%
Operating profit	3,833	4,850	5,010	4,010	5,214	5,045	-4%	-7%	-1%
Pre-tax profit	3,998	4,923	5,098	4,184	5,305	5,012	-4%	-7%	2%
Net income	3,199	3,928	4,067	3,367	4,264	4,005	-5%	-8%	2%
GM (%)	33.8%	34.2%	33.6%	34.2%	35.2%	34.4%	-37 bps	-97 bps	-81 bps
OPM (%)	12.8%	13.8%	13.5%	13.5%	15.5%	15.9%	-71 bps	-170 bps	-234 bps
EPS (Basic, NT$)	9.0	11.1	11.5	9.3	11.9	11.3	-3%	-6%	1%

Source: Bloomberg Finance L.P. estimates, J.P. Morgan estimates.

Table 9: Annual JPMe vs BBG consensus estimates – Syntec

	JPMe			Consensus			Difference (JPMe vs. Con)		
NT$m	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Revenues	28,781	35,883	38,807	27,384	36,050	NA	5%	0%	NA
Gross profit	13,163	16,464	17,679	12,584	16,733	NA	5%	-2%	NA
Operating profit	8,248	10,787	11,671	7,561	10,425	NA	9%	3%	NA
Pre-tax profit	8,539	10,859	11,763	7,937	10,710	NA	8%	1%	NA
Net income	6,536	8,315	9,008	6,076	8,214	NA	8%	1%	NA
GM (%)	45.7%	45.9%	45.6%	46.0%	46.4%	NA	-22 bps	-53 bps	NA
OPM (%)	28.7%	30.1%	30.1%	27.6%	28.9%	NA	105 bps	114 bps	NA
EPS (Basic, NT$)	93.6	119.1	129.0	85.5	115.2	NA	9%	3%	NA

Source: Bloomberg Finance L.P. estimates, J.P. Morgan estimates.

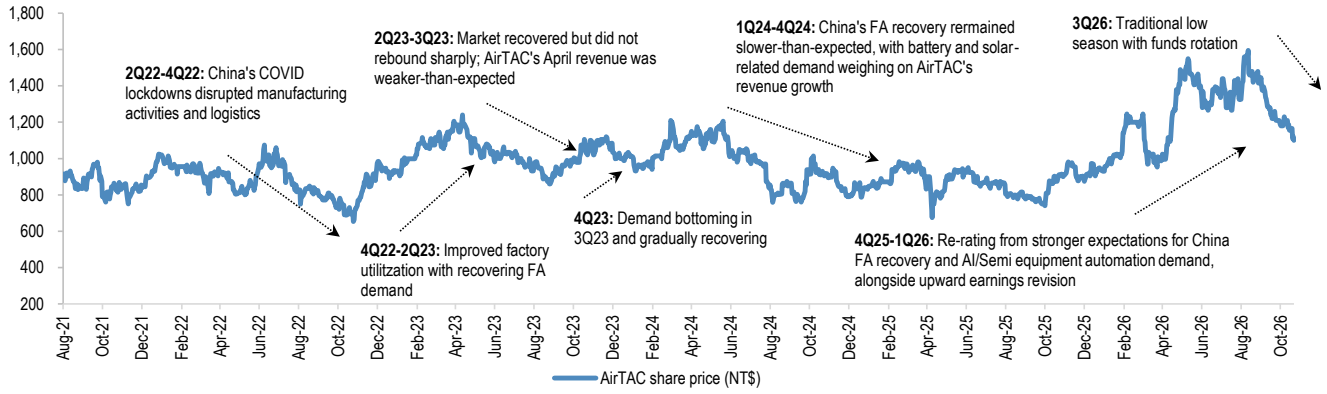
Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

Valuation Analysis

AirTAC: Dec-27 PT of NT$1,600 based on 22x 12M forward EPS

We derive our Dec-27 PT of NT$1,600 based on 22x 12M forward EPS, implying 45% potential upside. We value AirTAC on a P/E basis as the margin and earnings growth outlooks are the key valuation drivers. Based on Bloomberg consensus, AirTAC trades at 19x/16x FY26/27E P/E, broadly in line with Japanese peers but at a 15-25% discount to China/Hong Kong peers. We believe this discount is wider than warranted, as our forecast 20% FY25-28E EPS CAGR is close to the 21% for China/HK peers, with our expected ROE of 23-24% higher than 14-16% for China/HK peers. Our 22x target P/E implies a narrower discount to China/HK peers, reflecting AirTAC's comparable long-term growth and its leading position in China's pneumatic components market, while remaining below its 10-year average of 24x on a more conservative basis given the potential for a cyclical downturn.

Figure 4: Share price performance analysis – AirTAC



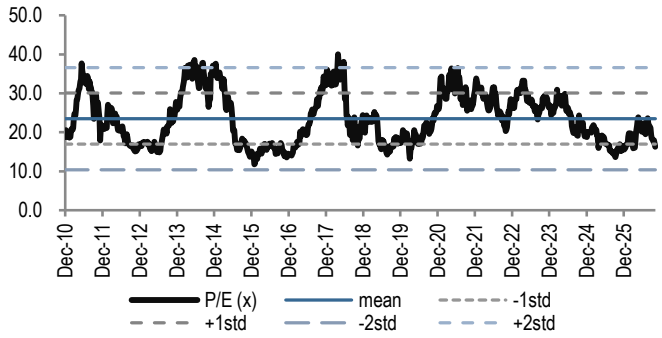
Source: Bloomberg Finance L.P., J.P. Morgan. Note: Past performance is not an indicator of future results.

Table 10: Valuation summary – AirTAC

Item	Value
12M forward EPS (NT$)	72.7
Target P/E (x)	22.0
Price Target (Dec-27, NT$)	1,600
Current share price (as of 22 Oct 2026)	1,100
Upside/Downside	*45%*
AirTAC historical trading P/E (x)	
10-year average	23.6
±2 Std Dev band	11.8-35.4
Peer median P/E (FY27E, x)	
Domestic peers	15.9
Japan peers	17.2
China and HK peers	19.1

Source: Bloomberg Finance L.P. , J.P. Morgan estimates.

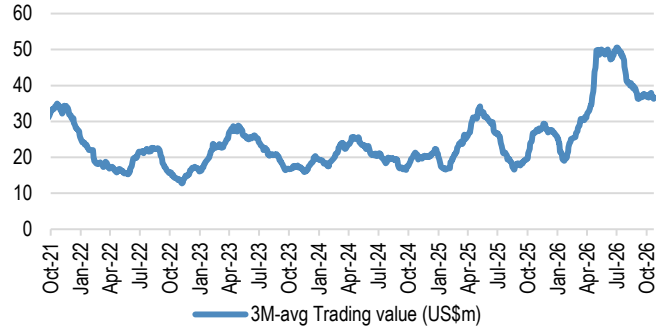
Figure 5: Forward P/E – AirTAC



Source: Bloomberg Finance L.P., J.P. Morgan calculations.

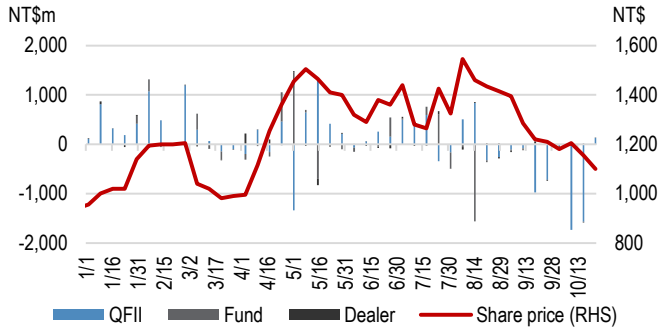
Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

Figure 6: 3M average trading value – AirTAC



Source: TEJ, J.P. Morgan calculations.

Figure 7: Weekly net buy/sell vs. share price of AirTAC –YTD2026

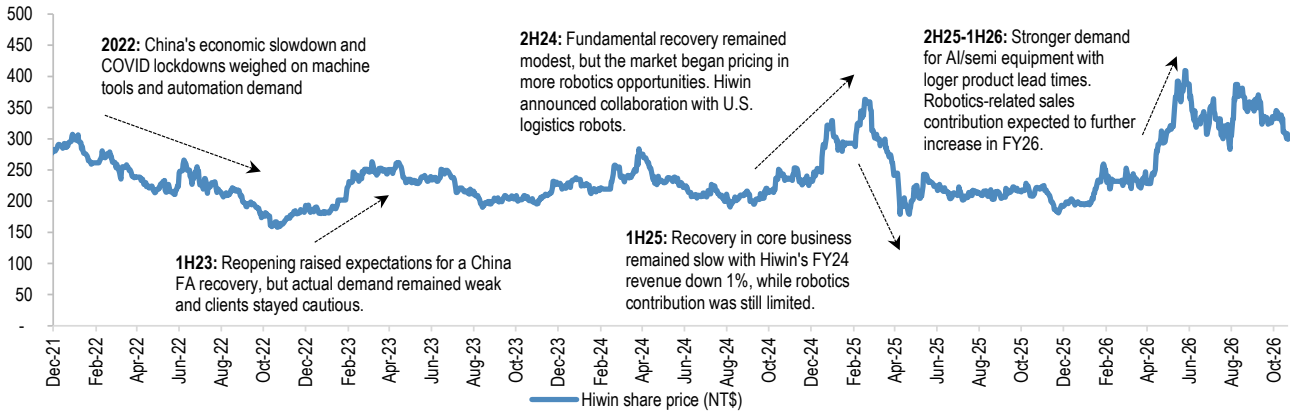


Source: TEJ, J.P. Morgan calculations.

Hiwin: Dec-27 PT of NT$310 based on 27x 12M forward EPS

Our Dec-27 PT of NT$310 is based on 27x 12M forward EPS, implying 4% upside from current levels. We use a P/E methodology given the importance of earnings growth and profitability to Hiwin's valuation. While Hiwin trades below its long-term average, its 30-40% P/E premium to domestic peer average appears demanding given its structurally lower ROE and limited near-term earnings upside. However, we do not expect a significant de-rating towards peer valuations, as Hiwin's better liquidity, order visibility and thematic interest in AI/semiconductor equipment and robotics continue to support a premium. We therefore adopt a 27x target multiple, reflecting no re-rating/de-rating impulse from here to our PT horizon.

Figure 8: Share price performance analysis – Hiwin



Source: Bloomberg Finance L.P., J.P. Morgan. Note: Past performance is not an indicator of future results.

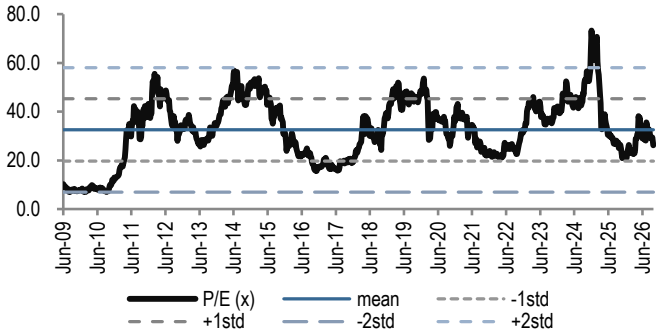
Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

Table 11: Valuation summary – Hiwin

Item	Value
12M forward EPS (NT$)	11.5
Target P/E (x)	27.0
Price Target (Dec-27, NT$)	310
Current share price (as of 22 Oct 2026)	299
Upside/Downside	*4%*
Hiwin historical trading P/E (x)	
10-year average	33.7
±2 Std Dev band	11.8-55.7
Peer median P/E (FY27E, x)	
Domestic peers	15.9
Japan peers	17.2
China and HK peers	19.1

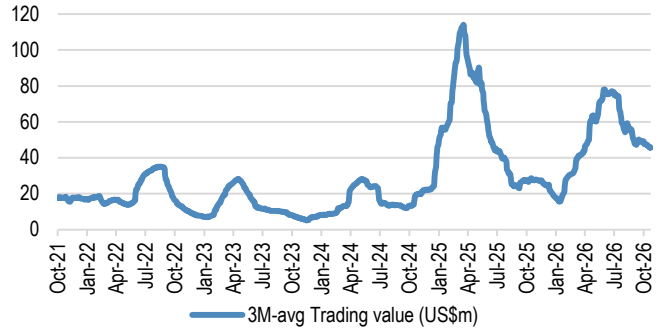
Source: Bloomberg Finance L.P., J.P. Morgan estimates.

Figure 9: Forward P/E – Hiwin



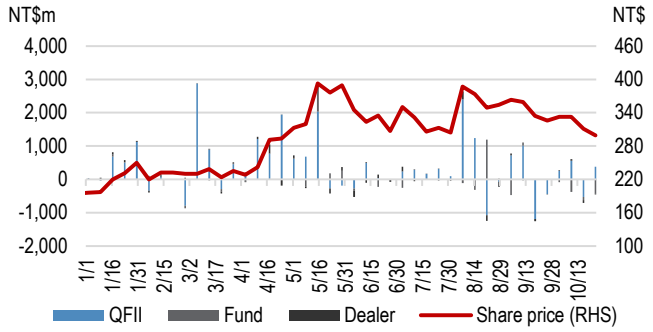
Source: Bloomberg Finance L.P., J.P. Morgan calculations.

Figure 10: 3M average trading value – Hiwin



Source: TEJ, J.P. Morgan calculations.

Figure 11: Weekly net buy/sell vs. share price of Hiwin –YTD2026



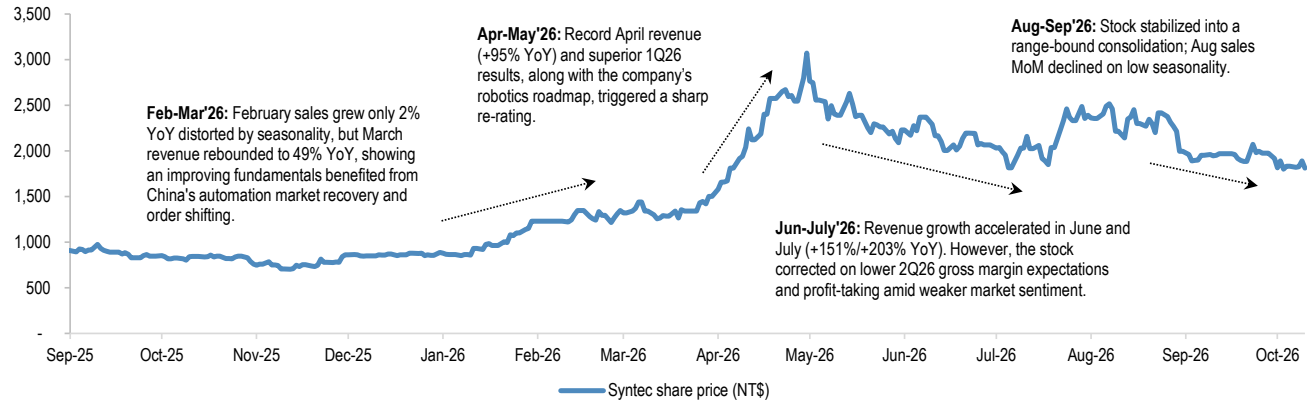
Source: TEJ, J.P. Morgan calculations.

Syntec: Dec-27 PT of NT$2,580 based on 20x 12M forward EPS

We derive our Dec-27 PT of NT$2,580 based on 20x 12M forward EPS, implying 43% potential upside. We value Syntec on a P/E basis since the margin and earnings growth outlook would be the key valuation drivers. Our target multiple of 20x P/E is above Syntec's average forward P/E since listing on TWSE, which we believe is justified given its higher growth and an improving earnings trajectory vs. history, with FY25-28E EPS CAGR of 54% supported by ongoing share gains and mix upgrade. According to Bloomberg consensus estimates, Syntec trades at 21x/16x P/E for FY26/27E, representing 10-20% discount to the domestic peer average due to its shorter public-market track record and lower liquidity, despite the decent earnings growth outlook.

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

Figure 12: Share price performance analysis – Syntec



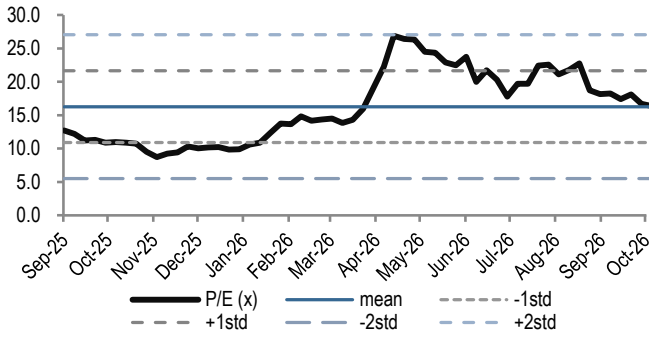
Source: Bloomberg Finance L.P., J.P. Morgan. Note: Past performance is not an indicator of future results.

Table 12: Valuation summary – Syntec

Item	Value
12M forward EPS (NT$)	129.0
Target P/E (x)	20.0
Price Target (Dec-27, NT$)	2,580
Current share price (as of 22 Oct 2026)	1,810
Upside/Downside	*43%*
Syntec historical trading P/E (x)	
Average since listed on TWSE	16.3
±2 Std Dev band	5.5-27
Peer median P/E (FY27E, x)	
Domestic peers	15.9
Japan peers	17.2
China and HK peers	19.1

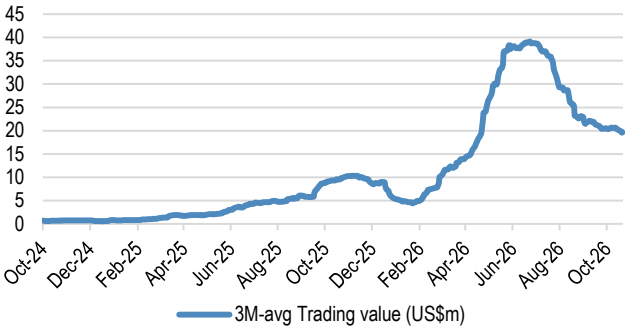
Source: Bloomberg Finance L.P., J.P. Morgan estimates.

Figure 13: Forward P/E – Syntec



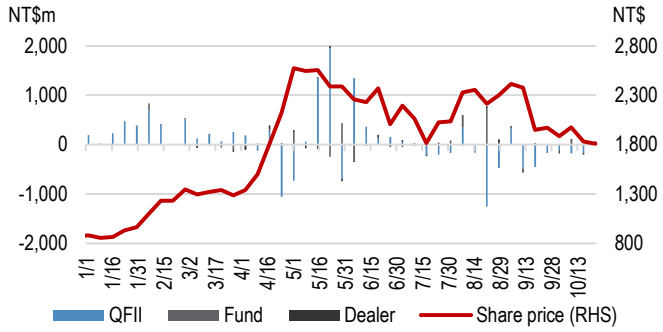
Source: Bloomberg Finance L.P., J.P. Morgan calculations. Note: Data starts from when listing on the TWSE.

Figure 14: 3M average trading value – Syntec



Source: TEJ, J.P. Morgan calculations.

Figure 15: Weekly net buy/sell vs. share price of Syntec –YTD2026



Source: TEJ, J.P. Morgan calculations.

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

J.P.Morgan

Table 13: Valuation summary for automation peers

Company	10/22/2026 Ticker	Price (LCY)	Mkt Cap (US$mn)	P/E (x) 26E	P/E (x) 27E	P/B (x) 26E	P/B (x) 27E	ROE 26E	ROE 27E	EPS growth 26E	EPS growth 27E
Domestic peers											
AIRTAC INTERNATI	1590 TT	1,100.0	6,759	18.5	15.9	3.8	3.4	21.5%	22.6%	41.8%	16.0%
HIWIN TECH	2049 TT	299.0	3,250	32.2	25.2	2.7	2.5	8.8%	10.4%	115.2%	27.9%
SYNTEC TECHNOLOG	7750 TT	1,810.0	3,995	21.2	15.7	7.6	5.7	44.3%	47.5%	143.5%	34.7%
Average				**24.0**	**18.9**	**4.7**	**3.9**	**24.8%**	**26.8%**	**100.2%**	**26.2%**
Median				**21.2**	**15.9**	**3.8**	**3.4**	**21.5%**	**22.6%**	**115.2%**	**27.9%**
Japan peers											
SMC CORP	6273 JP	63,570.0	25,871	18.4	17.2	1.8	1.7	10.2%	10.2%	30.9%	6.7%
THK CO LTD	6481 JP	5,676.0	4,307	13.1	14.3	2.2	2.1	15.8%	15.6%	170.1%	-8.4%
NSK LTD	6471 JP	995.0	3,170	14.8	11.6	0.7	0.7	4.9%	6.0%	43.6%	27.5%
FANUC CORP	6954 JP	5,624.0	35,200	25.5	23.8	2.7	2.6	10.8%	11.4%	23.8%	7.2%
MITSUB ELEC CORP	6503 JP	4,881.0	65,723	18.7	16.7	2.1	1.9	11.5%	12.0%	31.5%	11.9%
HARMONIC DRIVE	6324 JP	4,875.0	2,992	70.7	48.8	5.5	5.1	7.9%	10.5%	306.1%	44.9%
YASKAWA ELECTRIC	6506 JP	4,033.0	6,853	23.1	18.1	2.1	1.9	9.1%	10.9%	28.3%	27.6%
Average				**26.3**	**21.5**	**2.4**	**2.3**	**10.0%**	**10.9%**	**90.6%**	**16.8%**
Median				**18.7**	**17.2**	**2.1**	**1.9**	**10.2%**	**10.9%**	**31.5%**	**11.9%**
China/HK peers											
SHENZHEN INOVA-A	300124 CH	49.9	20,266	23.0	18.6	3.4	2.9	15.1%	16.4%	16.2%	23.6%
DONGGUAN YIHED-A	301029 CH	24.0	2,288	24.1	19.6	3.2	2.9	13.7%	15.2%	22.8%	22.8%
Average				**23.5**	**19.1**	**3.3**	**2.9**	**14.4%**	**15.8%**	**19.5%**	**23.2%**
Median				**23.5**	**19.1**	**3.3**	**2.9**	**14.4%**	**15.8%**	**19.5%**	**23.2%**

Source: Bloomberg Finance L.P. estimates, J.P. Morgan.

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

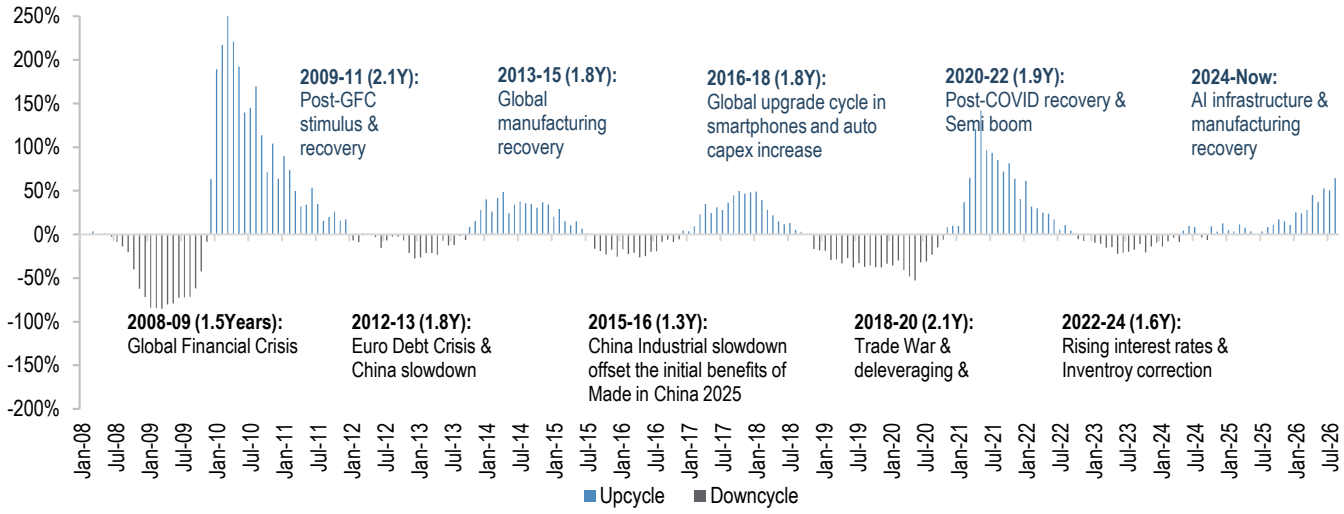
Industry Analysis

I. Industrial automation cycle continues to show strength

JMTBA machine tools orders point to a sustained upcycle

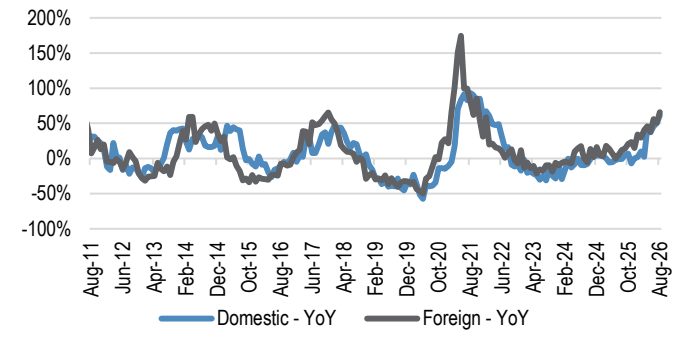
JMTBA orders have historically served as a leading indicator for the factory automation (FA) cycle, typically leading downstream automation demand by c.2-3 quarters. Following an inflection in May 2024, total orders returned to positive growth and have continued to strengthen, with the latest reading up 2% MoM and 65% YoY in August 2026. Meanwhile, orders from China have sustained well at 62% YoY, driven by rising investment in high-end manufacturing and cross-border capital expenditure. Overall, we believe the continued improvement in both total and China orders points to an ongoing factory automation upcycle.

Figure 16: Japan machine tools orders monthly YoY growth across past cycles



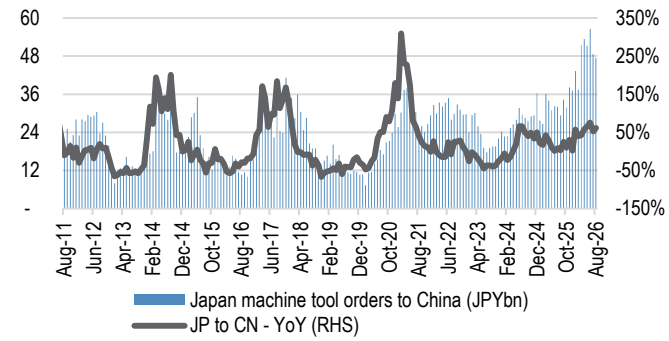
Source: JMTBA, J.P. Morgan.

Figure 17: JMTBA machine tools orders YoY - Domestic vs Foreign



Source: JMTBA, J.P. Morgan.

Figure 18: JMTBA machine tools orders - China



Source: JMTBA, J.P. Morgan.

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

Robust China automation demand on policy support and end-market recovery

China's factory automation outlook remains constructive, supported by policy tailwinds and improving demand. The 15th Five-Year Plan, 2026 NPC work report and the Politburo meeting continue to emphasize advanced manufacturing, robotics, and high-end equipment development, reinforcing long-term support for automation investment. Meanwhile, the FA upcycle remains intact, with improving order momentum across key end markets such as machinery, electronics and semiconductor-related supply chains, while AI infrastructure buildout is driving incremental demand for related equipment. The recovery is also extending to the machine-tools market, with metal-cutting machine revenues up 19% YoY in 8M26, which is particularly relevant to Syntec, given its exposure to CNC controllers and machine-tools applications. Beyond traditional automation, humanoid robotics presents another longer-term opportunity, with its early adoption also creating additional demand for select precision components.

Table 14: Summary of key China policies affecting manufacturing capex

Introduced Time	Policy / Event	Key Highlights
2015	Made in China 2025	• Identified high-end manufacturing, industrial robotics and CNC machine tools as national priorities • Local governments introduced subsidies and investment incentives to accelerate factory automation
2016	Supply-Side Structural Reform	• Eliminated excess capacity in traditional industries • Improved profitability and cash flow of industrial enterprises • Supported equipment replacement and manufacturing capex
2017	Financial Deleveraging	• Tightened credit conditions and shadow banking regulation • Reduced financing availability for private manufacturers • Slowed fixed asset investment and delayed equipment purchases
2021	14th Five-Year Plan	• Prioritized smart manufacturing, industrial robotics and high-end equipment • Promoted technology self-sufficiency and localization of key automation components • Provided long-term policy support, with limited near-term demand stimulus
2021	Property Deleveraging	• Property downturn weakened business confidence and industrial investment • Falling land sales reduced local government fiscal capacity • Became a key drag on manufacturing capex despite supportive industrial policies
2023	New Quality Productive Forces	• Prioritized AI, semiconductors, advanced manufacturing and new materials • Reinforced long-term industrial upgrading
2024	Large-scale Equipment Renewal Program	• Subsidized replacement of obsolete industrial equipment • Encouraged energy-efficient and intelligent manufacturing upgrades
2026	15th Five-Year Plan	• Prioritized AI, advanced manufacturing and industrial software • Continued to support robotics, high-end equipment and intelligent manufacturing • Reinforced manufacturing upgrading, technology self-sufficiency and industrial competitiveness

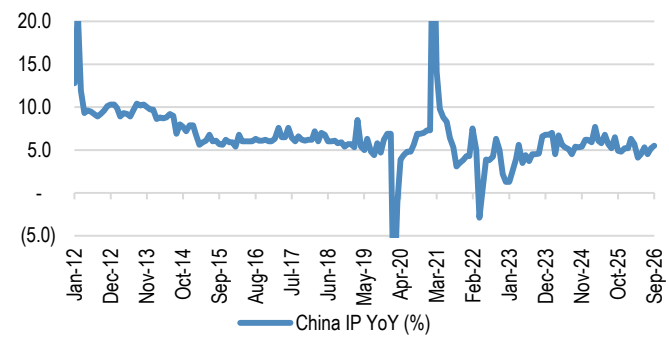
Source: J.P. Morgan.

Figure 19: China manufacturing PMI reached 50.1 in Sep 2026



Source: TEJ.

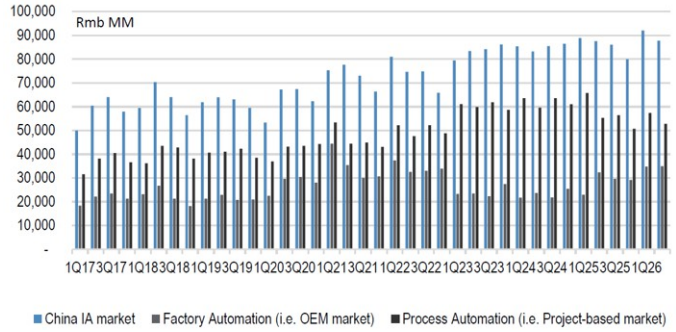
Figure 20: China industrial production growth was 5.5% YoY in Sep 2026



Source: TEJ.

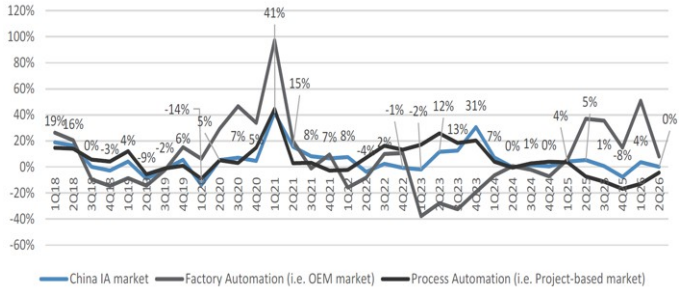
Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

Figure 21: China IA market – market size



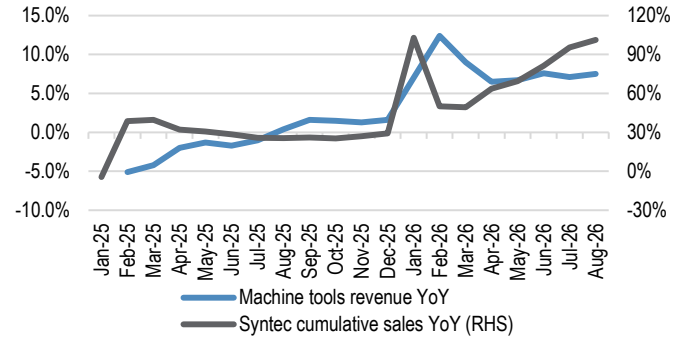
Source: MIR databank, J.P. Morgan.

Figure 22: China IA market – quarterly growth YoY



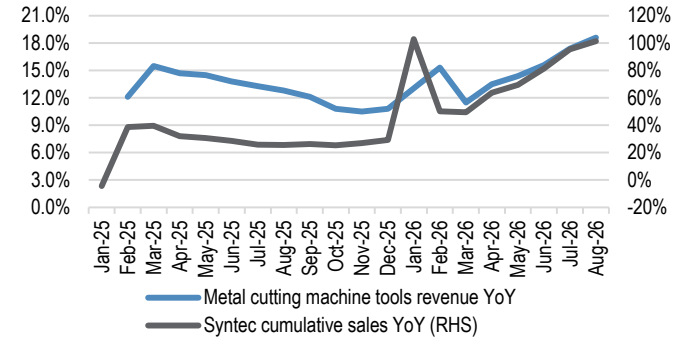
Source: MIR databank, J.P. Morgan.

Figure 23: Cumulative revenue growth - Syntec vs. China machine tools



Source: CMTBA, company report.

Figure 24: Cumulative revenue growth - Syntec vs. China metal-cutting machine tools



Source: CMTBA, company report.

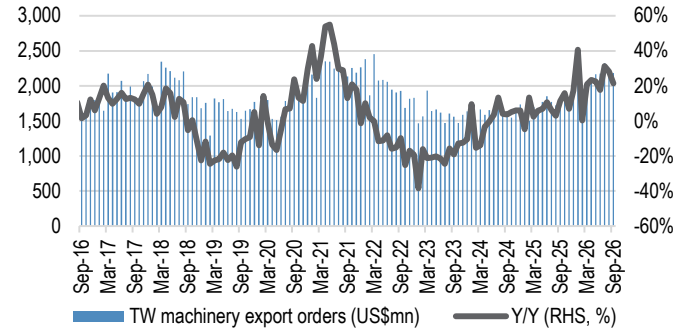
Taiwan machinery exports and linear motion components remain resilient

Taiwan's machinery export orders grew 23% YoY in 9M26, driven mainly by China & HK/ASEAN, where orders increased 39%/61% YoY respectively, reflecting the recovery in manufacturing investment in China and ongoing supply chain diversification into ASEAN. Meanwhile, Taiwan's machinery equipment exports increased 20% YoY in 9M26, with September marking the 20th consecutive month of positive YoY export growth, supported by robust electronic equipment exports amid continued AI/ semiconductor investment.

At the individual product level, the recovery was uneven across machinery categories. Taiwan's machine tool exports declined 2% YoY in 9M26, impacted mainly by lower export competitiveness amid weaker JPY and KRW against TWD. In contrast, key motion control components remained resilient, with linear guideway exports increasing 13% YoY in 9M26, and ball screw exports growing 10% YoY. This divergence suggests that Hiwin's core linear motion business is benefiting from the automation demand, such as in semiconductor equipment and AI infrastructure, partially offsetting the slower growth in traditional machine tools.

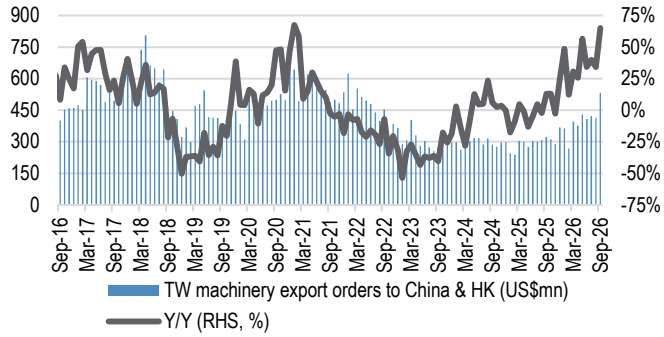
Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

Figure 25: Taiwan machinery export orders and YoY growth - Total



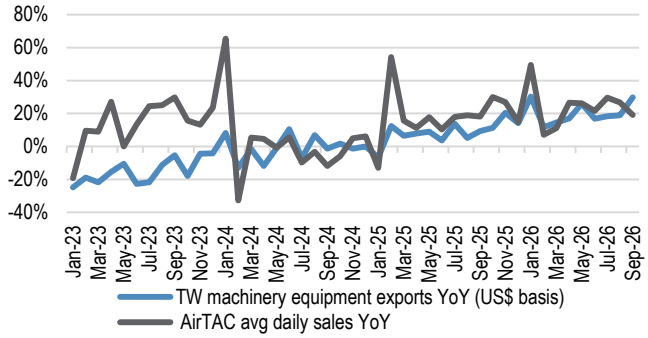
Source: MOEA, J.P. Morgan.

Figure 26: Taiwan machinery export orders and YoY growth - China & HK



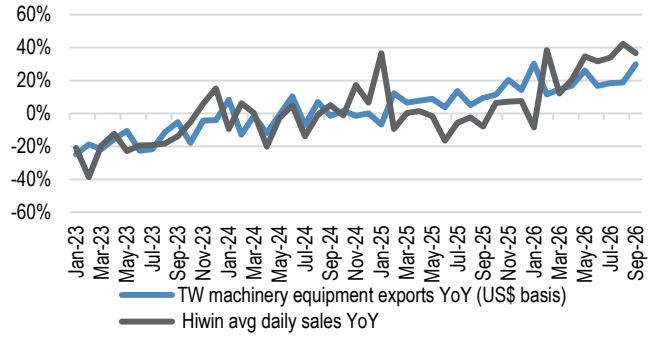
Source: MOEA, J.P. Morgan.

Figure 27: Taiwan machinery equipment exports vs. AirTAC average daily sales - YoY growth



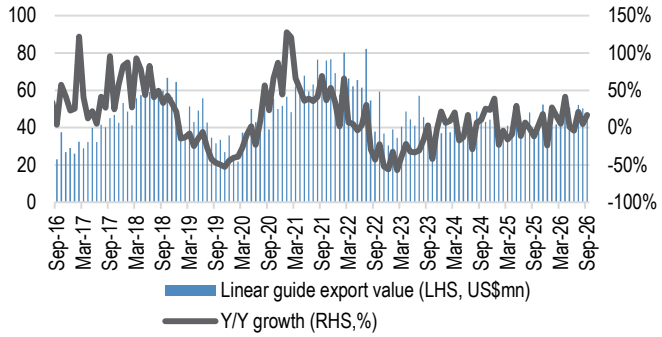
Source: TAMI, Company data, J.P. Morgan.

Figure 28: Taiwan machinery equipment exports vs. Hiwin average daily sales - YoY growth



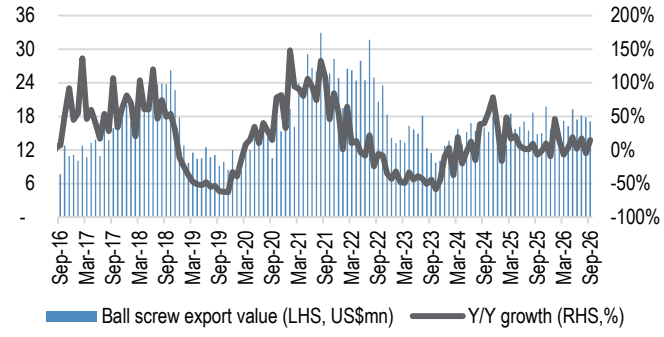
Source: TAMI, Company data, J.P. Morgan.

Figure 29: Taiwan linear guide export value



Source: Taiwan Customs, Ministry of Finance, J.P. Morgan.

Figure 30: Taiwan ball screw export value



Source: Taiwan Customs, Ministry of Finance, J.P. Morgan.

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

II. CAPEX outlook by industry

End-market exposure of the companies

AirTAC, Hiwin and Syntec's operating performance is influenced by the industrial automation cycle and downstream capex, though each company has distinct end-market exposure and demand drivers. AirTAC has broad exposure across electronic equipment (27% of 1H26 direct sales), battery (19%), automotive (9%), and traditional machinery (e.g. textiles, packaging, machine tools, etc.) Hiwin is more leveraged to precision motion applications, such as machine tools, traditional machinery, and semiconductor/ electronics, etc. Meanwhile, Syntec is mainly exposed to general components (26% of 1H26 sales), machinery manufacturing/equipment (24%), automotive (22%), 3C/ electronics (9%), etc. Given these differences, we use the capex outlook of key end markets as a directional indicator of automation demand, and analyze the trends by aggregating capex forecasts for selected companies across semiconductor, electronics, China battery, and China auto in the following sections.

Table 15: End-market correlation and demand indicators of the companies

End market correlation/demand indicators	AirTAC	Hiwin	Syntec
Semiconductor	Mid-to-high	High	Mid
Electronics	High	High	High
Battery	Mid-to-high	Mid-to-low	Low
Auto	Mid-to-high	Mid-to-high	High
Machine tools	Mid-to-high	High	High
Robotics	Mid-to-low	Mid-to-high	Mid-to-high

Source: J.P. Morgan.

Table 16: Sample companies for industry capex analysis

Industry	Major sample companies
Semiconductor	Intel, Texas Instruments, TSMC, Samsung Logic, Globalfoundries, UMC, SMIC, Hua Hong, Samsung, SK Hynix, Micron Technology, Kioxia/ Sandisk, YMTC
EMS&ODM	Quanta, Wistron, Compal, Pegatron, Inventec, Hon Hai
Apple supply chain (Camera + Acoustics + Casing)	Largan, Genius, Merry, AAC Tech, Catcher, Lens Tech, Jabil
China battery	CATL, BYD, Gotion, Eve Energy, CALB, Sunwoda, REPT BATTERO
China auto	Geely, Dongfeng, GAC, GWM, SAIC, BYD, Changan Auto

Source: J.P. Morgan.

(1) Semiconductor capex growth remains solid

Semiconductor capex has been in a solid upcycle, with our semiconductor team forecasting 58%/29% YoY growth in 2026/27E before moderating to 9% in 2028E (link). The current expansion is becoming more broad-based, with growth extending beyond leading-edge logic into advanced packaging and memory, supported by sustained AI infrastructure investment and strong HBM demand. While capex growth is likely to slow in 2028E, spending should remain on a solid growth trajectory in 2026/27E, providing a favorable backdrop for the companies.

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

(2) Electronics capex sees normalization in EMS/ODM but recovering smartphone investment

We believe EMS/ODM capex is normalizing after the AI server-driven capacity buildout in 2025-26E, as Bloomberg consensus indicates the capex of major EMS/ODM players may rise 15% YoY in 2026E but moderate to 1% YoY in 2027E. In contrast, smartphone-related investment appears to be bottoming, with Bloomberg consensus suggesting capex among Apple suppliers (including cameras, acoustics and casings) to decline 11% YoY in 2026, before recovering to 12%/6% YoY in 2027/28E. For AirTAC, smartphone-related applications represent c.25-30% of electronics revenue, and management is seeing improving demand from international customers, with regular product specifications launched in 1H27 expected to support growth from 2H26.

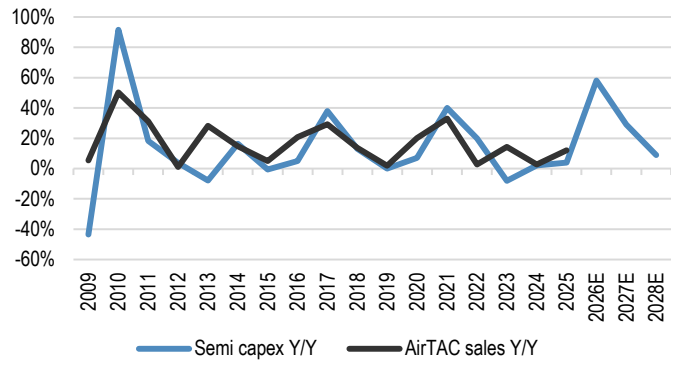
(3) China battery capex moderates from FY25 peak but overseas expansion and technology upgrades provide support

China battery capex rebounded 46% YoY in 2025 after a 17% contraction in 2024. Looking ahead, Bloomberg consensus forecasts capex to decline 14%/6%/5% YoY in 2026-28E, with the pace of contraction gradually easing. For AirTAC, its battery-related automation demand should remain relatively resilient in the near-term, supported by overseas capacity expansion, investment in next-generation battery technologies, such as solid-state batteries, and stronger energy storage demand; however, the capex moderation through 2028E may imply a more limited incremental growth contribution from the battery segment.

(4) China auto capex set to decline in FY26-28E

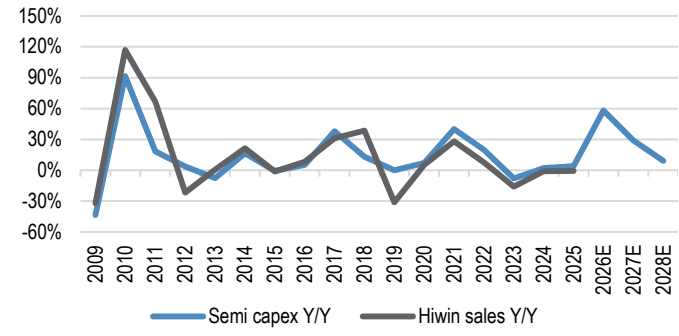
Bloomberg consensus indicates that China auto capex rose 28% YoY in 2025, but may decline 18%/3%/7% in 2026/27/28E, respectively. This reflects a shift from capacity build-out toward more selective investment, as many Chinese OEMs have already invested heavily in domestic production capacity in recent years, while incremental spending increasingly targets selected overseas plants and autonomous driving technology. As a result, the peak in capacity-related capex may be behind us for now, limiting the contribution from new capacity additions to AirTAC's China auto business. However, we believe AirTAC's market share gains in China's auto sector could help partially mitigate the impact of a slower capex cycle and support its continued growth in the segment.

Figure 31: Semiconductor capex vs. AirTAC sales - YoY growth



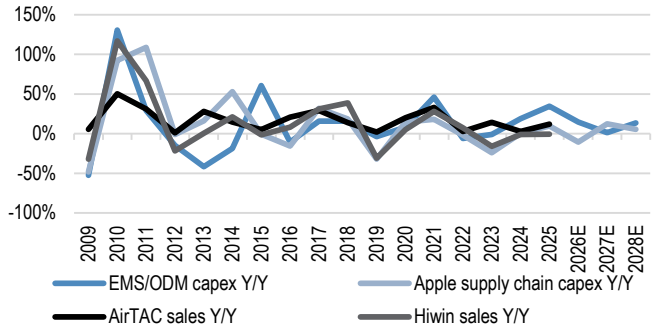
Source: Company data, J.P. Morgan estimates.

Figure 32: Semiconductor capex vs. Hiwin sales - YoY growth



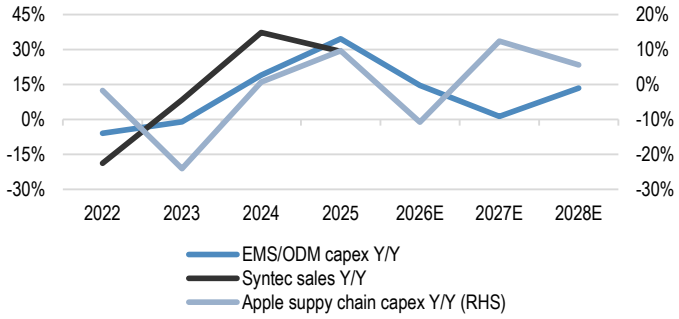
Source: Company data, J.P. Morgan estimates.

Figure 33: Electronics capex vs. AirTAC and Hiwin sales - YoY growth



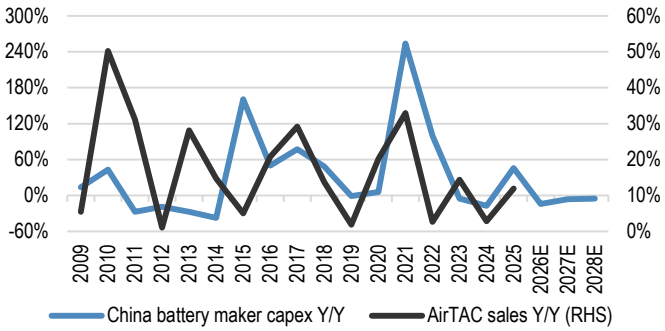
Source: Company data, J.P. Morgan, Bloomberg Finance L.P. estimates.

Figure 34: Electronics capex vs. Syntec sales - YoY growth



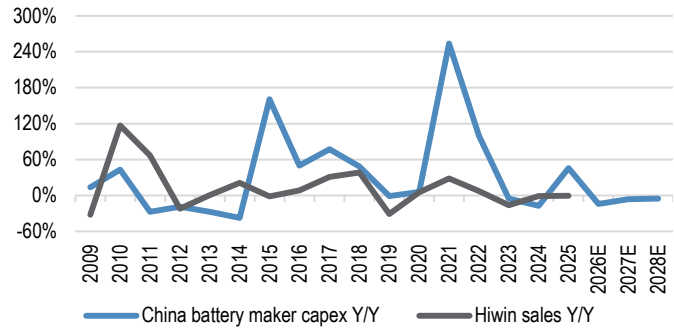
Source: Company data, J.P. Morgan, Bloomberg Finance L.P. estimates.

Figure 35: China battery capex vs. AirTAC sales - YoY growth



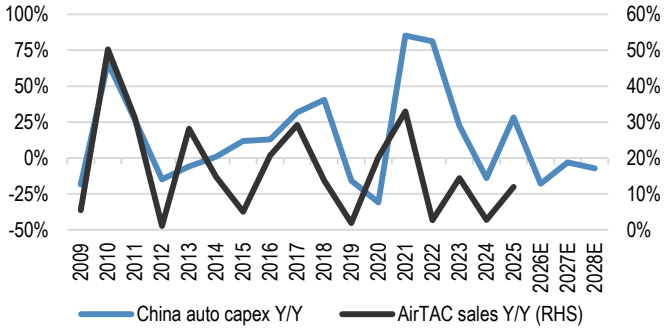
Source: Company data, J.P. Morgan, Bloomberg Finance L.P. estimates.

Figure 36: China battery capex vs. Hiwin sales - YoY growth



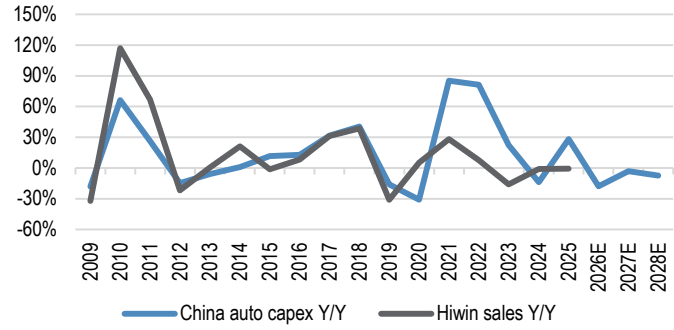
Source: Company data, J.P. Morgan, Bloomberg Finance L.P. estimates.

Figure 37: China auto capex vs. AirTAC sales - YoY growth



Source: Company data, J.P. Morgan, Bloomberg Finance L.P. estimates.

Figure 38: China auto capex vs. Hiwin sales - YoY growth



Source: Company data, J.P. Morgan, Bloomberg Finance L.P. estimates.

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

III. Robotics as the long-term growth driver

Global robotics enters a new growth cycle amid humanoid commercialization and industrial automation

The global robotics industry is entering a new growth cycle, driven by continued commercialization of humanoid robots and sustained demand for industrial robots. According to our industrial team (link), JPM forecasts global humanoid robot shipments to reach c.1.75mn units by 2030E (c.150% CAGR over 2025-30E), with broader global adoption expected to accelerate from 2027 onwards as supply chains mature and physical AI technology improves. Meanwhile, industrial robot demand continues to broaden beyond traditional manufacturing into AI server assembly, semiconductor equipment, PCB production and other high-value automation applications, supporting ongoing investment across robotics and factory automation.

Table 17: Humanoid robot shipment forecast

Thousand units	2025E	2026E	2027E	2028E	2029E	2030E
China	15	50	120	280	550	900
ex-China	3	10	100	250	500	850
Global total humanoid robot shipment unit	18	60	220	530	1,050	1,750
Y/Y Chg		*233%*	*267%*	*141%*	*98%*	*67%*

Source: J.P. Morgan estimates.

China robotics growth driven by accelerating deployment and policy support

China is solidifying its robotics leadership with rapid deployment and continued policy support. Our industrial team estimates (link) that China accounted for over 80% of global humanoid robot shipments in 2025 and will represent c.50% of global shipments by 2030E, while industrial robot shipments are to grow 20%/15%/12% YoY over 2026-28E, supported by both traditional manufacturing and AI-related applications. The favorable industry outlook is further reinforced by policy support, including the MIIT and SASAC's real-world program targeting routine adoption across 100+ high-value scenarios and 10k cumulative deployments by 2026E (link), while the government also plans to invest Rmb2tn in AI and emerging technologies over the next five years to further support the robotics ecosystem development.

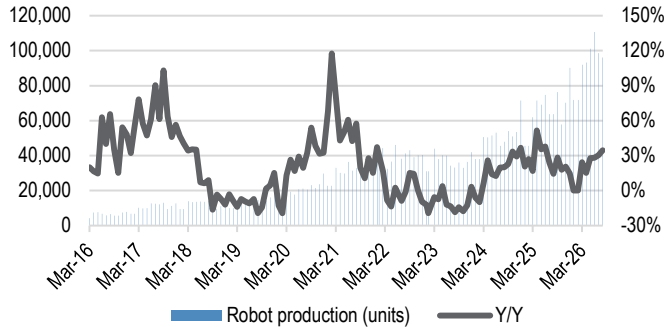
Table 18: China industrial robot shipment forecast

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Unit sales	145,850	154,336	149,400	171,490	256,360	282,076	283,154	294,178	334,062	400,874	461,006	516,326
Y/Y Chg		*6%*	*-3%*	*15%*	*49%*	*10%*	*0%*	*4%*	*14%*	*20%*	*15%*	*12%*

Source: MIR databank, J.P. Morgan estimates.

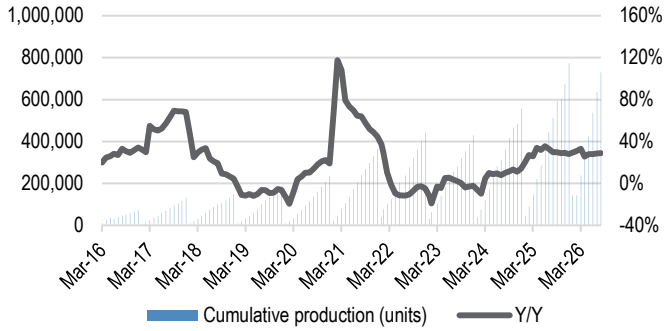
Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

Figure 39: China industrial robot, monthly production (Units) Y/Y trend



Source: WIND, J.P. Morgan.

Figure 40: China industrial robot, cumulative production (units) Y/Y trend



Source: WIND, J.P. Morgan.

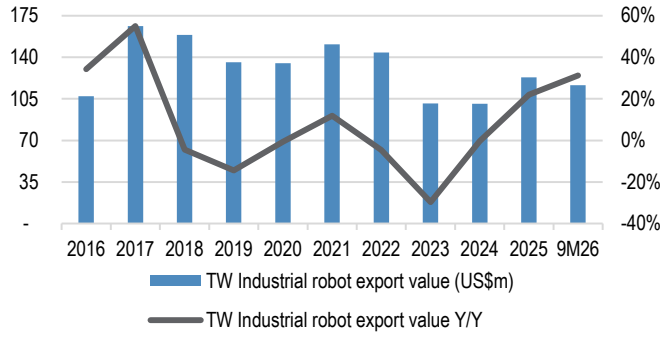
Taiwan supply chain to benefit from the growing robotics demand

Taiwan's industrial robot exports rose 31% YoY in 9M26 to US$116mn, supported by AI-related manufacturing capex, semiconductor capacity expansion, and automotive automation demand. China remained the largest end market, accounting for 22% of total exports, while shipments to the U.S. grew 54% YoY, driven mainly by solid deliveries of wafer-handling and logistics robots as well as related key components. Given Taiwan's strengths in critical components and customized module solutions, we believe the local robotics supply chain is a key beneficiary of this growing trend. Over the medium term, broader global adoption of robotics should further support structural demand growth for these high-value components.

Within Taiwan's robotics supply chain, Hiwin is a leading supplier of precision motion components and is expanding its product portfolio for robotic applications, including harmonic drives, planetary roller screws, and actuator modules, etc. Together with its affiliate Hiwin Mikrosystem (4576 TT, Not Covered [NC]), which focuses on motors and drives, the group provides integrated solutions that support higher torque density and improved motion control performance. For Syntec, it has growing exposure to robotics via its subsidiary Leantec, which leverages the group's controller and software capabilities and provides solutions across industrial and collaborative robots. Beyond the two companies, other Taiwanese suppliers are also participating across key robotics subsystems, such as Sinbon (3023 TT, covered by Gokul Hariharan) in robot cables, Solomon (2359 TT, NC) in AI vision systems, Mirle (2464 TT, NC) in joint drive modules, and Apex Dynamics (4583 TT, NC) in planetary gearboxes, further strengthening Taiwan's position in the robotics value chain.

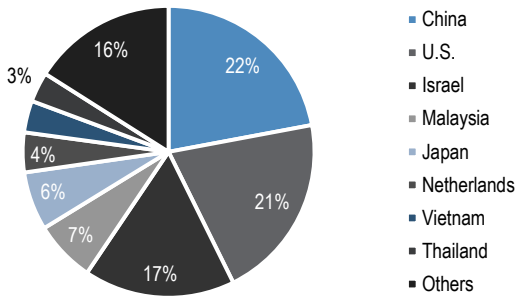
Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

Figure 41: Taiwan industrial robot exports and YoY growth



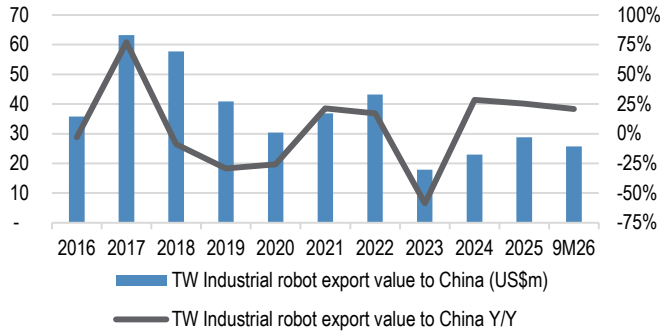
Source: Taiwan Customs, J.P. Morgan.

Figure 42: Taiwan industrial robot exports breakdown by countries - 9M26



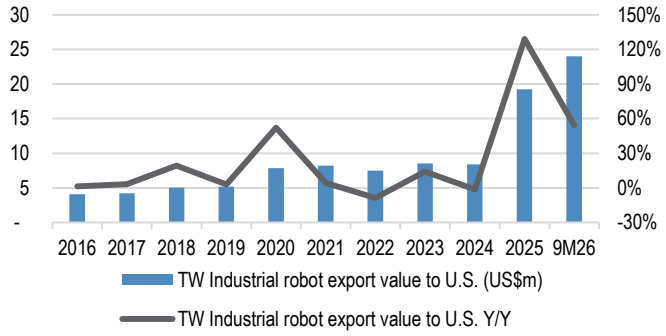
Source: Taiwan Customs, J.P. Morgan.

Figure 43: Taiwan industrial robot exports and YoY growth - China



Source: Taiwan Customs, J.P. Morgan.

Figure 44: Taiwan industrial robot exports and YoY growth - U.S.



Source: Taiwan Customs, J.P. Morgan.

Table 19: Summary of key Taiwan robotics suppliers

Name	Ticker	Market Cap (US$Mn)	ADV (US$mn)	Type of Involvement/ Component	Comment
Syntec	7750 TT	3,995	19	Controllers/robot arms	Partners with Huayan Robotics to integrate robot controllers into cobot solutions for CNC applications
Hiwin	2049 TT	3,250	45	Harmonic gear drive, robot joints, planetary roller screw	Supplies wafer robots/transfer system for semi applications; logistics robots with Dexterity
Sinbon	3023 TT	2,198	10	Cables	Cooperates with/supplies to leading humanoid robotics companies (e.g. Figure, Agility Robots, etc).
Mirle	2464 TT	1,125	74	Harmonic gear drive, robot joint modules	Provides AMR, AI robot solutions, and semiconductor AMHS system; formed a JV (i.e. Main Drive Corp) with Hota; Supplies key harmonic reducers and joint modules for Optimus V3
Apex Dynamics	4583 TT	951	2	Precision gearbox, reducers	Supplies to Amazon's warehouse robot and 7-axis robot
Techman Robot	4585 TT	868	2	Cobots	Supplies robotic arms and wheeled humanoid robots; subsidiary of the Quanta group
Hiwin Mikrosystem	4576 TT	749	16	Servo motor	Supplies wafer robots/transfer system for semi applications; partners with Hiwin for Boston Dynamics' humanoid and quadruped robots
Solomon Tech	2359 TT	606	27	AI vision software	Distributes Universal Robots (UR); partners with Unitree on AI vision system; integrates NVIDIA NemoClaw to enable multi-agent AI coordination for humanoid robots
Kenmec	6125 TT	374	1	AMR, warehouse automation	Partners with Germany's NEURA Robotics to develop humanoid robot solutions
CPC	1597 TT	370	10	Linear guideways, control/joint modules	Developing humanoid and quadruped robot joint modules
TBI Motion	4540 TT	203	5	Ball screws, linear guideways	Supplies miniature ball screws for Chinese dexterous-hand manufacturers; developing lower-limb modules and miniature linear actuators for humanoid robots
Nextron	8147 TT	161	1	Connectors	Provides interconnect solutions for industrial robots targeting automotive OEM production lines (e.g. BMW/Mercedes-Benz), with customer pilot production underway

Source: Bloomberg Finance L.P., J.P. Morgan. Note: data as of Oct 22, 2026.

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

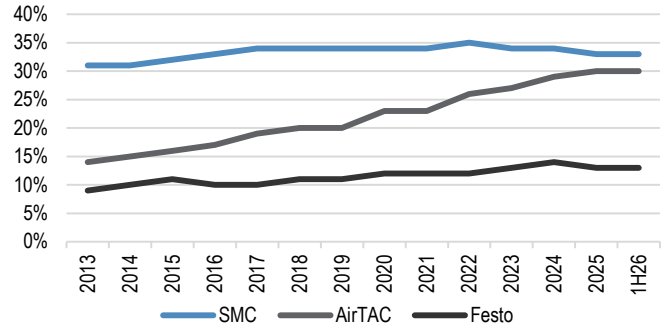
IV. Competitive landscape

Competitive landscape - pneumatic component

China's pneumatic components market is highly consolidated, with SMC (33%), AirTAC (30%) and Festo (13%) collectively accounting for 76% of the market in 1H26, up from 54% in 2013. AirTAC has gained market share by offering a strong price-to-performance proposition, targeting the mid-range segment rather than directly competing with SMC and Festo in premium applications. Its competitive advantage is supported by a highly vertically integrated manufacturing model and an extensive direct sales network, with over 80% of key components produced in-house, enabling cost efficiency, tight quality control and short lead times. We believe the company could further gain share to 35% in China by 2030E, with potential upside depending on sales mix optimization and market conditions.

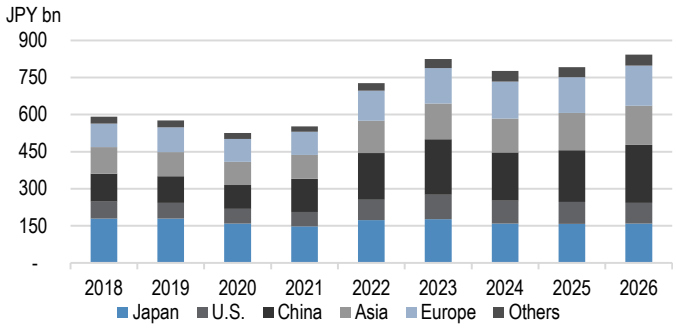
- **SMC (6273 JP, NC):** SMC is the global leader in pneumatic automation components, with c.30-40% market share and a strong presence across Japan, Europe and Asia. Its extensive product portfolio includes 12k standard models and over 880k product variations, supporting a broad range of industrial automation applications. In China, SMC maintained a stable market share of 33% in 2025 vs. 2016, while AirTAC expanded its share from 17% to 30%, reflecting increasing competition and pricing pressure. However, SMC's differentiated position lies in its premium products and integrated automation solutions.
- **Festo (Not listed):** Festo is a German automation company specializing in pneumatic and electric automation solutions. Compared with AirTAC, Festo focuses on high-end industrial applications and multinational customers, with higher exposure to the auto industry. Its market share in China increased modestly from 10% in 2016 to 13% in 2025, reflecting limited share gains with a relatively stable presence in the market.

Figure 45: Pneumatic component market share in China



Source: Company data.

Figure 46: Revenue by region - SMC



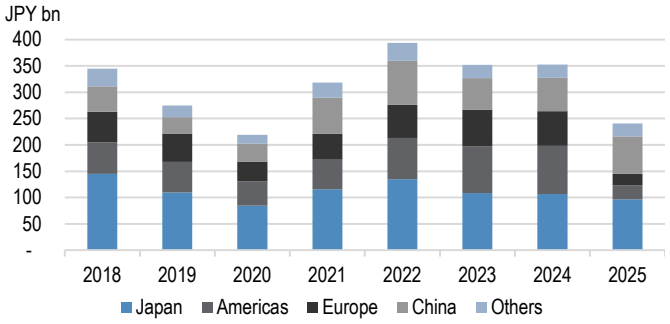
Source: Company data, Bloomberg Finance L.P. Note: 2026 refers to the fiscal year ending in March 2026.

Competitive landscape - Linear guides & Ball screws

The linear motion and ball screw markets are led by THK, followed by Hiwin and NSK. While Japanese players benefit from accumulated engineering expertise, strong brand recognition and deep client relationships, Hiwin targets mid-range-to-high-end customers and differentiates through greater customization flexibility and a shift toward system-level solutions, which helps strengthen customer stickiness and reduce price competition.

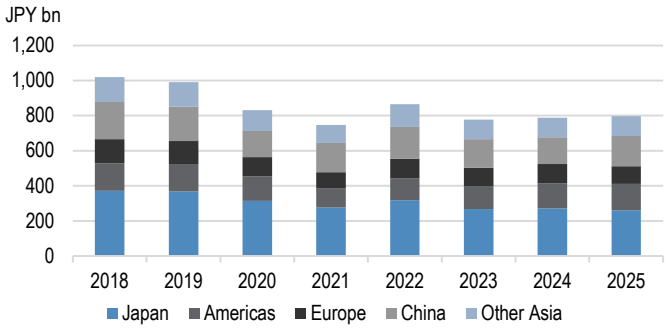
- **THK (6481 JP, NC):** THK is the global leader and a pioneer in linear motion guide products. Its competitive positioning is underpinned by technology leadership and long-standing customer relationships. Relative to Hiwin, THK has deeper penetration in Japan and has been expanding in Southeast Asia. China is THK's largest overseas market, accounting for 30% of sales in 2025, where it retains its leading position despite intensifying competition from Hiwin and domestic suppliers.
- **NSK (6471 JP, NC):** NSK is a leading supplier of linear motion products and ball screws, and is also the world's third largest bearings manufacturer. The company's margins are the lowest among the peer group, reflecting its higher mix towards bearings and automotive end markets. That said, NSK is increasingly shifting its portfolio toward higher value-added products while expanding its non-Japanese customer base. In May 2026, NSK and NTN (6472 JP, NC) announced plans to merge by October 2027 (link), which will create the world's largest bearings supplier upon completion.

Figure 47: Revenue by region - THK



Source: Company report.

Figure 48: Revenue by region - NSK



Source: Company report. Note: 2025 refers to the fiscal year ending in March 2025.

Competitive landscape - CNC controllers

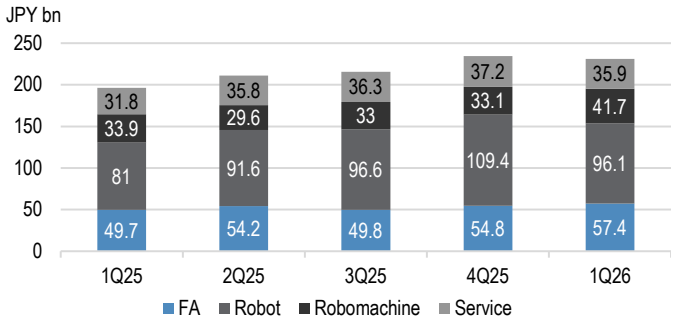
China's CNC controller market is led by FANUC and Syntec (c.20-25% market share each), followed by Siemens and Mitsubishi Electric (c.10-15% each), if using unit-based share estimates. The remainder is fragmented among various players, such as GSK and HCNC. Compared to global leaders, Syntec differentiates itself through competitive price-performance, an open platform that enables flexible customization, and an extensive direct-sales channel (c.85-90% of revenues) to provide responsive customer service. Compared to local peers, GSK focuses more on the lower-end market, while HCNC has weaker service capabilities given its focus on state-prioritized initiatives. While recent order transfers amid memory supply disruptions have supported Syntec's growth, we believe these competitive advantages should help retain customers with continued share gains.

- **FANUC (6954 JP, NC):** FANUC is a global leader in CNC controllers, supported by strong brand recognition, product reliability, and broad application coverage. Its vertical integration across CNC systems, industrial robots and Robomachines enables a highly integrated product offering with strong engineering capabilities. Syntec competes on c.20% lower pricing, greater customization, a more compatible platform, and faster customer responsiveness. Unlike FANUC, Syntec also does not manufacture complete machine tools, avoiding direct competition with its customers.

Amanda Chang AC
(886-2) 2725-9861
amanda.chang@jpmorgan.com

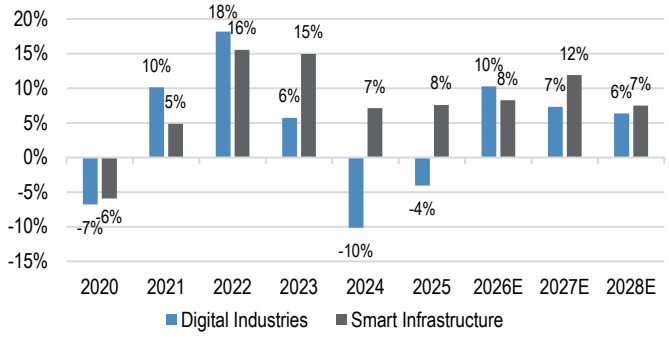
- **Siemens (SIE GR, covered by Phil Buller):** Siemens' Sinumerik CNC platform is positioned at the premium end, with strengths in high-precision and large-scale machining, and is favored by top-tier Chinese machine tools builders serving export markets. However, this is evolving of late with the launch of e.g. the Sinumerik 828D Smart, which is part of the strategy that Siemens is deploying in China to address what it describes as the "value for money" segment, a key focus over the past c.18 months. For now, however, Siemens' China market share remains below Syntec on a unit-basis, reflecting the weaker localization and/or higher pricing, and a more closed architecture with less flexibility for customization.

Figure 49: Revenue by division - FANUC



Source: Company data.

Figure 50: Siemens revenue YoY growth - Digital Industries and Smart Infrastructure



Source: Company data, J.P. Morgan estimates.

Table 20: Peer comparison summary

Company (FY25; US$m, %)	AirTAC	SMC	Hiwin	THK	NSK	Syntec	FANUC	Siemens
Ticker	1590 TT	6273 JP	2049 TT	6481 JP	6471 JP	7750 TT	6954 JP	SIE GR
Market cap	6,759	25,863	3,250	4,306	3,169	3,995	35,189	228,227
Revenues	1,105	5,200	781	1,608	5,230	449	5,233	87,258
Gross margin	46%	46%	29%	29%	22%	46%	37%	39%
Net margin	25%	20%	6%	4%	1%	16%	19%	10%
ROE	17%	8%	4%	3%	2%	28%	9%	14%
Revenue mix	Pneumatic actuator (47%); Pneumatic control component (21%); Air preparation unit (6%); Others (26%)	Automatic Control Equipment (100%)	Linear guideways (62%); Ball screw (20%); Robots (9%); Others (9%)	Industrial Equipment (100%)	Automotive (44%); Industrial machinery (41%); Steering (11%); Others (3%)	Controller products (48%); Servo products (47%); Smart manufacturing (3%); Others (2%)	Robot (44%); FA (24%); Service (17%); Robomachine (15%)	Industrial Business (97%); Others (2%); Financials Services (1%)

Source: Bloomberg Finance L.P., Company data, TEJ, J.P. Morgan. Note: SMC/NSK/FANUC are fiscal year ending March, while Siemens is ending September. Data as of Oct 22, 2026.

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

J.P.Morgan

Overweight

1590.TW, 1590 TT
Price (22 Oct 26):NT$1,100.00
▲**Price Target (Dec-27):NT$1,600.00**
Prior (Dec-26):NT$1,350.00

Taiwan Industrial

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com
J.P. Morgan Securities (Taiwan) Limited

Key Changes (FYE Dec)

	Prev	Cur	Δ
Adj. EPS - 26E (NT$)	49.21	60.19	22.3%
Adj. EPS - 27E (NT$)	53.98	67.05	24.2%

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	27	36	34	41	58
Growth	61	27	39	17	26
Momentum	59	45	53	56	69
Quality	38	9	17	19	22
Low Vol	36	41	53	64	80
ESGQ	94	-	-	97	92

AirTAC

Quality Growth in China's Automation Upcycle

We assume coverage of AirTAC with an OW rating and a Dec-27 PT of NT$1,600. AirTAC is a key beneficiary of China's automation upcycle, driven by policy-led manufacturing upgrades and a recovery in end-market demand. Beyond cyclical tailwinds, AirTAC continues to gain market share in China, maintain resilient margins via improving efficiency, and is broadening beyond core pneumatics into new businesses. While the shares have underperformed the TAIEX by 32% since the August peak, we view the pullback as largely seasonal with current valuation undemanding at 16x FY27E P/E, and expect momentum to recover into the traditional peak season in 2Q27.

- **Sustained share gains with resilient margins.** AirTAC is the second-largest pneumatic supplier in China, with 30% market share in 1H26 (vs. 33%/13% for SMC/Festo, respectively). We believe AirTAC could continue to gain share as its brand image improves and greater internal efficiency helps sustain its price-performance advantage, with China market share reaching 35%+ by 2030E. This efficiency has also kept margins resilient, with GM holding at 46-47% in FY22-25 before expanding to 48%/49.7% in 1Q26/2Q26. We forecast GM to remain c.49% in FY26-28E, with higher utilization driving improvement in linear guideway margins to c.30% in FY26E.
- **Solid pneumatic demand amid end-market tailwinds**. Pneumatic demand remains healthy across major end markets. We believe the overall pneumatic market could grow mid-single digits YoY in FY26E, with AirTAC growing c.10ppt above the market, implying at least mid-teens YoY growth. We see the growth coming from AI-driven electronics orders, a recovery in machinery, and robust battery-related demand, while the company's continued share gains should also help partially offset a weaker automotive market.
- **Broadening product portfolio adds new growth drivers.** Beyond core pneumatics, AirTAC is growing its linear guideways, electrical controllers, and semiconductor applications. Linear guideways grew 26% YoY in 2Q26, with mgmt. targeting annual revenue of RMB3bn in the next decade. For electrical controllers, three new product launches this year should support further revenue growth in FY27E, toward the same RMB3bn annual revenue target over the next 10 years. Semiconductors remain a longer-term opportunity, with several launches planned from 4Q26 and broader commercialization in FY27; mgmt. targets RMB1bn in annual semiconductor revenue in the next 10 years.
- **OW rating with a Dec-27 PT of NT$1,600.** Our Dec-27 PT of NT$1,600 is based on a target P/E of 22x and a 12M forward EPS of NT$72.7, implying 45% potential upside. Our target multiple reflects AirTAC's leading position in China's pneumatic components market and 20% FY25-28E EPS CAGR, while taking a more conservative stance amid concerns over any potential cyclical downturn. Although the share price momentum has softened since mid-August, we view this as a technical pause driven by seasonal weakness and sector rotation rather than a material change in fundamentals, and expect the momentum to recover into the 2Q27 peak season. Key downside risks include: 1) faster-than-expected cycle normalization; 2) margin pressure from increased competition and higher raw material costs; 3) execution risk in ramping new growth engines; and 4) higher-than-expected opex.

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

J.P.Morgan

Price Performance



	YTD	1m	3m	12m
Abs	18.3%	-12.7%	-23.1%	21.4%
Rel	-40.7%	-9.0%	-25.8%	-45.1%

Company Data

Shares O/S (mn)	200
52-week range (NT$)	1,615.00-866.00
Market cap ($ mn)	6,784
Exchange rate	32.43
Free float (%)	69.1%
3M ADV (mn)	0.90
3M ADV ($ mn)	36.9
Volatility (90 Day)	43
Index	TAIEX
BBG ANR (Buy | Hold | Sell)	22|0|0

Key Metrics (FYE Dec)

NT$ in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	34,330	44,651	49,268	53,517
Adj. EBITDA	12,866	18,057	19,762	21,176
Adj. EBIT	10,288	15,204	16,872	18,276
Adj. net income	8,400	12,039	13,413	14,549
Adj. EPS	41.97	60.19	67.05	72.73
BBG EPS	40.50	59.54	69.05	76.32
Cashflow from operations	7,667	9,614	12,937	14,080
FCFF	4,852	6,565	9,937	11,080
Margins and Growth				
Revenue Growth Y/Y (%)	12.0%	30.1%	10.3%	8.6%
EBITDA margin	37.5%	40.4%	40.1%	39.6%
EBITDA Growth Y/Y (%)	11.0%	40.3%	9.4%	7.2%
EBIT margin	30.0%	34.1%	34.2%	34.2%
Net margin	24.5%	27.0%	27.2%	27.2%
Adj. EPS growth	10.2%	43.4%	11.4%	8.5%
Ratios				
Adj. tax rate	21.1%	21.5%	21.0%	21.0%
Interest cover	NM	NM	NM	NM
Net debt/Equity	NM	NM	NM	NM
Net debt/EBITDA	NM	NM	NM	NM
ROCE	15.3%	22.2%	23.2%	22.8%
ROE	16.7%	22.6%	23.7%	23.4%
Valuation				
FCFF yield	2.2%	3.0%	4.5%	5.0%
Dividend yield	2.7%	3.6%	4.0%	4.3%
EV/Revenue	6.3	4.9	4.4	4.0
EV/EBITDA	16.8	12.0	10.9	10.0
Adj. P/E	26.2	18.3	16.4	15.1

Summary Investment Thesis and Valuation

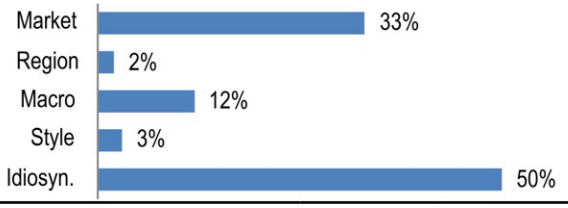
Investment Thesis

We rate AirTAC OW as a key beneficiary of China's automation upcycle, with further market share gains and improving operating efficiency supporting earnings growth and resilience through downturns. New business lines offer incremental growth opportunities beyond core pneumatics, while valuation remains attractive at 1-std below its 10-year average forward P/E, making AirTAC our quality pick in the current cycle.

Valuation

Our Dec-27 PT of NT$1,600 is based on 22x 12M forward EPS. Our target multiple reflects AirTAC's leading position in China's pneumatic components market and 20% FY25-28E EPS CAGR, while taking a more conservative stance amid concerns over any potential cyclical downturn.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.58	0.57
Region: Taiwan	0.23	0.19
Macro:		
JPM Global Equity Sentiment	0.42	0.36
Generic 1st 'CO' Future	-0.31	-0.24
JPM China A-shares Sentiment	0.12	0.18
Quant Styles:		
Momentum	0.17	0.13
Value	-0.09	-0.06
Quality	0.10	0.06

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

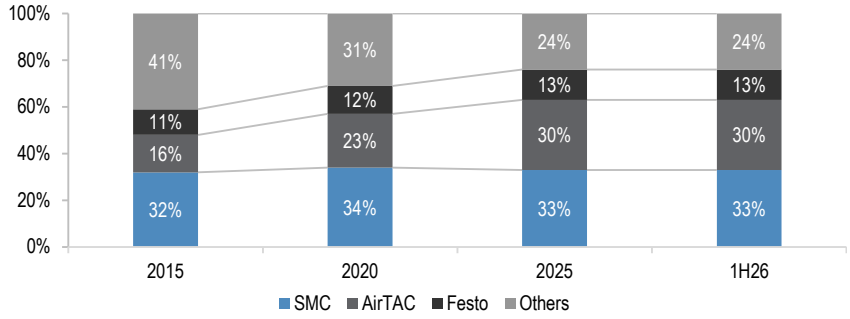
Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

Investment Thesis

1. Continued market-share gains provide sustained growth

AirTAC is the second-largest pneumatic components supplier in China, with 30% market share in 1H26 (vs. 33%/13% for SMC/Festo, respectively). We believe AirTAC will continue to gain share as its brand image improves and greater internal efficiency helps sustain its price-performance advantage. Meanwhile, its expanding product portfolio, which includes linear guideways, electrical controllers and semiconductor applications, could also broaden its addressable market and drive cross-selling to its customer base. Management targets a 35% China pneumatic market share by 2030E, but with potential upside depending on the mix, profitability and competitive dynamics.

Figure 51: Pneumatic market share changes in China

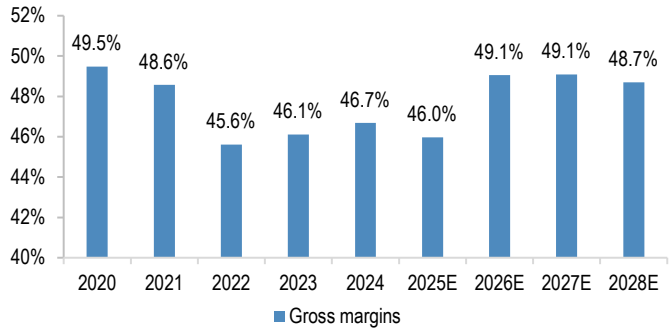


Source: Company data.

2. Higher utilization and efficiency support margin resilience

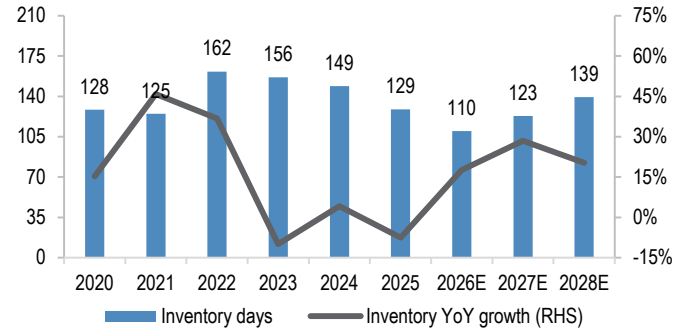
AirTAC has maintained a high margin profile, with GM holding at 46-47% in FY22-25 before expanding to 48%/49.7% in 1Q26/2Q26, respectively. We forecast GM to remain c.49% in FY26-28E, supported by continued efficiency improvement and higher utilization. In pneumatics, utilization is currently above 100%, and should remain full in 3Q26 as inventory stays lean, driving better fixed-cost absorption and operating leverage. Moreover, we believe linear guideway margins also have room to improve as utilization ramps, with GM in the teens at 20% utilization in FY25, and potentially reaching c.30% at 50% utilization in FY26E.

Figure 52: Gross margins - AirTAC



Source: Company report, J.P. Morgan estimates.

Figure 53: Inventory days and YoY growth - AirTAC



Source: Company report, J.P. Morgan estimates.

Table 21: Summary of gross margin vs utilization for linear guideways

Utilization rate	Margin level	Notes
20%-30%	Teens %	N/A
50%	~30%	FY26E target utilization mentioned is 50%
80%	~40%	N/A
90%	N/A	At ~90% utilization, consider switching from 2 shifts to 3 shifts (capacity step-up; enables renewed pricing competition)

Source: Company data, J.P. Morgan.

3. Solid pneumatic demand amid broad-based end-market tailwinds

Pneumatic demand remains healthy across major end markets. We believe the overall pneumatic market could grow mid-single digits YoY in FY26E, with AirTAC growing c.10ppt above the market, implying at least mid-teens YoY growth. Key tailwinds include AI-driven electronics demand and policy-supported battery capacity expansion, along with AirTAC's share gains in automotive, and subsidy-backed replacement demand in traditional industries. Solar and LED lighting remain a near-term headwind due to overcapacity issues, but the conditions are showing signs of stabilization.

Table 22: Revenue breakdown and YoY growth by segment - 1H25 vs. 1H26

	1H25		1H26	
	Revenue %	YOY	Revenue %	YOY
Electronic equipment	28%	7%	27%	20%
Battery	14%	91%	19%	69%
Automotive	9%	40%	9%	16%
Packaging	8%	5%	7%	13%
Machine tool	7%	8%	7%	28%
General machinery	5%	10%	4%	26%
Textile & Dresses machinery	4%	-10%	4%	30%
Energy and Lighting	4%	-46%	3%	-5%
Other	21%		20%	

Source: Company data.

Table 23: Summary of end-market guidance from AirTac's 2Q26 earnings call

End-market	Comments	FY26E growth outlook
Electronics	AI-related demand increasing pneumatic usage	Double-digit YoY
Battery	Supported by government policy, domestic capex, and incremental SSE demand, while easing restrictions on Chinese players also enables overseas expansion	Double-digit YoY
Auto	AirTAC sees market share gains and brand/image improvement despite remaining weak auto market	Double-digit YoY
Traditional (e.g. machinery, textile)	"Replace old with new" subsidy supports replacement demand	Double-digit YoY
Solar / LED lighting	Demand remains sluggish but government is addressing the overcapacity issues	Narrowing decline YoY

Source: Company data, J.P. Morgan.

4. Broadening product portfolio adds new growth drivers

Beyond its core pneumatic business, AirTAC is broadening its product portfolio into linear guideways, electrical controllers and semiconductor applications, creating additional mid- to long-term growth drivers.

- Linear guideways' shipment volume grew >20% YoY in FY25 despite weak industry demand and aggressive pricing from peers, followed by 26% YoY revenue growth in 2Q26. Management targets the annual revenue to reach RMB3bn over the next 10 years, while cross-selling through its existing customer base should limit incremental opex and allow the business to scale without becoming a drag on group profitability.
- Electrical controllers were introduced 3-4 years ago with AirTAC's revenues reaching c.RMB400mn in FY25 (c.5% of revenues) alongside an attractive gross margin of c.60%. Looking ahead, we expect the three new product launches this year to further support revenue growth from FY27E, while AirTAC's focus on higher-yield categories should also help it reach management's annual revenue target of RMB3bn over the next decade.
- The semiconductor business provides a longer-term growth opportunity, driven by China's ongoing localization push and attractive margins of up to c.70%. AirTAC plans to launch several products from 4Q26, with broader commercialization in FY27E. We see meaningful long-term upside as AirTAC expands its semiconductor products and customer base towards its RMB1bn annual revenue target over the next 10 years.

Table 24: Comparison between main power transmission sources

	Pneumatic	Hydraulics	Electric
Power source	Compressed air	Hydraulic fluid	Electrical power
Relative cost	Low	Medium	High
Precision	Low-to-Mid	Low-to-Mid	High
Force	Low	High	Flexible
Operating speed	Fast	Slow	Fast
Main applications	Electronics and general machinery/automation	Construction, heavy equipment and other high-load applications	Machine tools, electronics and precision automation
Key components	Cylinder, valves and FRLs	Pumps, cylinders and pistons	Linear guideways, ball screws and servo motors/drives

Source: J.P. Morgan.

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

Investment Risks

1. Faster-than-expected cycle normalization

While the current pneumatic cycle remains solid, supported by policy-driven industrial upgrade and a broad-based recovery across downstream markets, pneumatic components usually have short lead times, which limits order visibility and leaves room for demand uncertainty. In addition, any shift in the policy stance (e.g. support intensity easing or priorities changing) may cause the cycle to slow and normalize faster-than-expected. However, AirTAC's continued share gains in China's pneumatic market provide organic growth beyond industry demand, with shares rising from 30% in FY25 to 35%+ by 2030E, implying at least c.RMB2bn in incremental revenue and a 4-6% five-year CAGR. Its ability to adjust production capacity quickly and diversified end-market exposure also provides downside buffers, as demonstrated by AirTAC's outperformance during the 2022-24 downturn. While pneumatic cycles typically normalize over c.2-3 years, we believe the current upcycle could last longer, with a more moderate recovery than prior V-shaped cycles. We would reassess this view if China's machine-tool indicators weaken further, capex growth slows, or AirTAC's monthly revenue growth decelerates meaningfully.

2. Margin pressure from increased competition and higher raw material costs

Pricing competition remains rational in the pneumatic market, but AirTAC may face margin pressure if competition intensifies and leads to greater pricing concessions, or if raw material costs rise further, given that raw materials account for c.50% of COGS. Nevertheless, we believe the risks could be mitigated by AirTAC's structural cost advantage from internal efficiency improvement, and its demonstrated ability to raise prices, such as in overseas markets.

3. Execution risk in ramping new growth engines

While AirTAC is growing its linear guideway, electrical controller and semiconductor businesses, potential execution risks include: 1) slower-than-expected progress in rebuilding client satisfaction and brand perception for linear guideways; 2) margin downside if utilization falls short of expectations; and 3) a slower revenue contribution from semiconductor applications if customer adoption takes longer-than-expected. That said, we believe AirTAC's linear guideways offer solid quality at competitive pricing (c.20% lower for major customers vs. peers), while the ongoing recovery in the linear guideway cycle should support utilization and momentum into FY26/27E. For semiconductors, AirTAC can leverage its existing product platforms, limiting incremental opex and capex while accelerating execution.

4. Higher-than-expected opex

AirTAC could face OPM pressure if opex increases more than expected, driven by factors such as higher bonus payouts and incremental social security accrual requirements. Nevertheless, we believe the risks should be manageable, supported by management's ongoing internal efficiency initiatives, which should reduce the relative impact of the social security program to c.1% OPM from c.1.8% in 2Q26. In addition, improving operating leverage as revenue scales could help offset opex growth, while bonus expense is also likely to normalize in 3Q26 from a 2Q26 peak given typical seasonality.

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

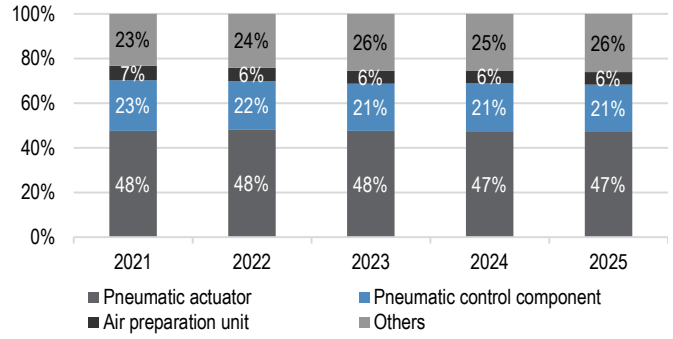
Company Background

Company Overview

Established in 1988 and listed on the TWSE in 2010, AirTAC is a leading supplier of pneumatic components. It offers a broad pneumatic product portfolio, including actuators (47% of FY25 revenues), control components (21%), air preparation units (6%), and other products (26%, such as linear guideways). Its end customer base is also diversified across industries, including electronic equipment (27% of FY25 revenues), battery (14%), and automotive (10%).

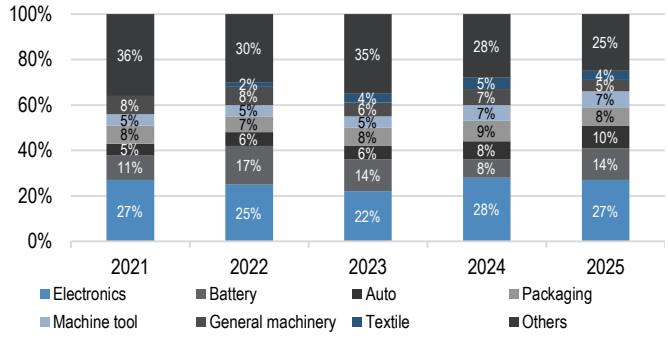
The company sells its products under the proprietary "AirTAC" brand through its own sales network (c.70%) and third-party agents/distributors (c.30%), with China being the major market accounting for nearly 95% of revenues. In FY25, AirTAC ranked as the second-largest pneumatic component supplier in China with a 30% market share (vs. 33%/13% for SMC/Festo, respectively), while the company's manufacturing sites are mainly in Ningbo, Guangdong, and Tainan.

Figure 54: Revenue breakdown by product - AirTAC



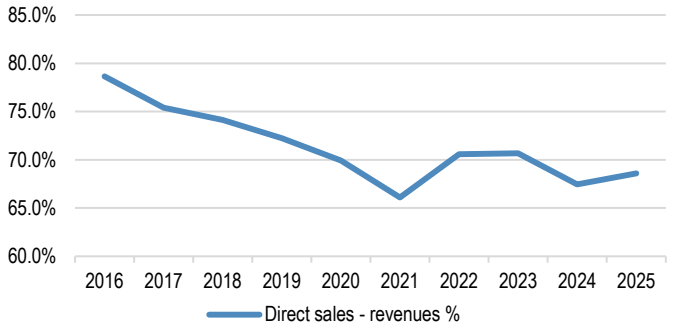
Source: Company data.

Figure 55: Revenue breakdown by industry - AirTAC



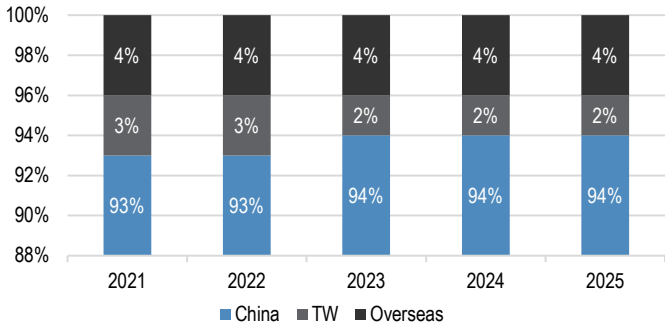
Source: Company data. Note: The breakdown is calculated based on sales revenue from direct customers and does not include distributor sales.

Figure 56: Direct sales as % of revenues - AirTAC



Source: Company reports, J.P. Morgan.

Figure 57: Revenue breakdown by region - AirTAC



Source: Company data.

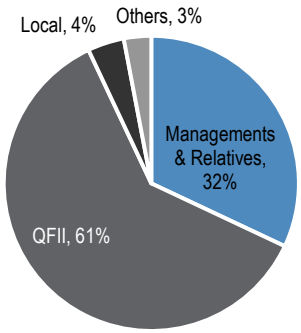
Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

Table 25: Global manufacturing bases and sales branches - AirTAC

Region	Comments
Mainland	Two manufacturing bases: Ningbo (largest production capacity) and Guangdong (valves).
Taiwan	One manufacturing base in Tainan (manufactures products such as linear guideways) and three offices.
Europe	One assembly and sales center in Italy.
Overseas	300+ distributors providing a comprehensive sales network and service; one sales center each in Japan, Malaysia, Thailand, and the U.S.

Source: Company data, J.P. Morgan.

Figure 58: Shareholding structure - AirTAC

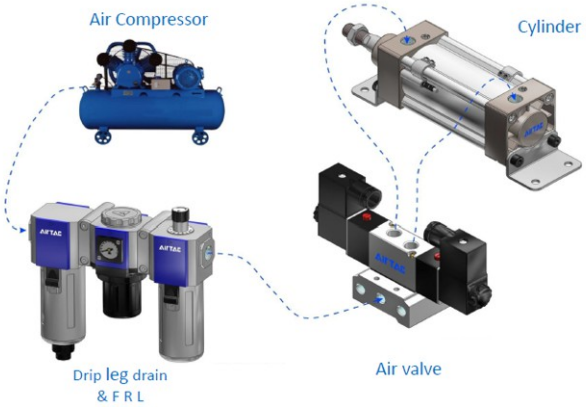


Source: Company data.

Pneumatic Components Overview

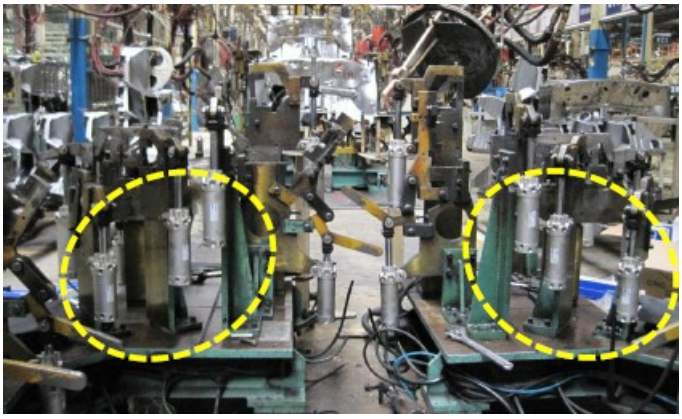
Pneumatic systems use compressed air to generate and control mechanical motion, offering low cost, simple maintenance and high stability advantages. A typical pneumatic system consists of four key components: **(1) Air compressors,** which generate compressed air as the power source for the system; **(2) Air Preparation Units** (e.g. FRL units, filter/regulator/lubricator), which remove moisture and impurities while regulating air pressure; **(3) Control Components** (e.g. valves), which control the direction and flow of compressed air; and **(4) Actuators** (e.g. cylinders), which convert pneumatic energy into linear mechanical motion.

Figure 59: Pneumatic operation of the process



Source: Company data.

Figure 60: Product application by industry - automobile assembly



Source: Company data.

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

J.P.Morgan

Financial Analysis

Revenue & Profitability

- We forecast revenue to increase from NT$34.3bn in FY25 to NT$53.5bn in FY28E, representing a 16% CAGR.
- We forecast gross margin to increase from 46.0% in FY25 to 49.1% in FY26/27E, before moderating to 48.7% by FY28E.
- We estimate opex to increase from NT$5.5bn in FY25 to NT$7.8bn in FY28E, with CIR down from 16% to 14.6% due to better efficiency and operating leverage.
- We project EPS of NT$60.2/67.1/72.7 in FY26/27/28E, up 43%/11%/8% YoY respectively, with ROE remaining at 23-24% over FY26-28E.

Balance Sheet & Cash Flow

- We expect the company to maintain a net cash position throughout the forecast period, with operating cash flow remaining positive and sustainable.
- We forecast capex to stay stable at NT$2.8-3bn in FY25-28E, manageable at 6-8% of revenue.
- We also expect AirTAC's dividend payout ratio to reach 65% in FY26E, consistent with mgmt's guidance, implying a cash DPS of NT$39.1.

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

J.P.Morgan

Table 26: Income statement summary - AirTAC

Income statement (NT$m)	2024	2025	2026E	2027E	2028E
Revenues	**30,660**	**34,330**	**44,651**	**49,268**	**53,517**
Cost of goods sold	(16,346)	(18,548)	(22,747)	(25,085)	(27,452)
Gross profit	**14,314**	**15,782**	**21,904**	**24,183**	**26,065**
SG&A expenses	(4,248)	(4,384)	(5,350)	(5,809)	(6,158)
R&D expenses	(1,040)	(1,111)	(1,351)	(1,502)	(1,631)
Operating profit	**9,026**	**10,288**	**15,204**	**16,872**	**18,276**
EBITDA	**11,586**	**12,866**	**18,057**	**19,762**	**21,176**
Non-operating income / loss	608	358	126	106	140
Profit before Tax	**9,634**	**10,645**	**15,329**	**16,978**	**18,417**
Income tax	(2,010)	(2,246)	(3,290)	(3,565)	(3,867)
Minority interest	(0)	(0)	(0)	(0)	(0)
Attributable Net Income	**7,624**	**8,400**	**12,039**	**13,413**	**14,549**
EPS (basic, NT$)	38.1	42.0	60.2	67.1	72.7
DPS (cash only, NT$)	20.0	30.0	39.1	43.6	47.3

Source: Company reports, J.P. Morgan estimates.

Table 27: Balance sheet summary - AirTAC

Balance Sheet (NT$m)	2024	2025	2026E	2027E	2028E
Cash and cash equivalents	6,726	3,977	4,421	6,533	8,895
Marketable Securities	1,891	108	1,148	1,148	1,148
Accounts/Notes receivable	9,719	14,395	16,216	17,622	19,191
Inventories	6,803	6,292	7,402	9,515	11,443
Total current assets	**25,419**	**25,047**	**29,596**	**35,226**	**41,085**
LT investments	921	957	3	3	3
Net fixed assets	28,987	28,753	29,709	29,820	29,920
Goodwill	0	0	0	0	0
Total assets	**57,561**	**57,540**	**62,164**	**67,905**	**73,865**
Short-term debts	5,611	217	1,000	1,000	1,000
Accounts/Notes payable	1,129	1,307	1,468	1,631	1,760
CPLTD	0	0	0	0	0
Total current liabilities	9,103	4,630	8,058	8,221	8,350
LT Debt & ECB	0	0	0	0	0
Total liabilities	**9,662**	**4,953**	**8,420**	**8,573**	**8,702**
Common stocks	2,000	2,000	2,000	2,000	2,000
Reserves	14,846	14,847	14,847	14,847	14,847
Retained earnings	31,174	35,572	35,891	41,479	47,310
Total equity	**47,899**	**52,587**	**53,745**	**59,332**	**65,163**

Source: Company reports, J.P. Morgan estimates.

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

J.P.Morgan

Table 28: Cash flow statement summary - AirTAC

Cash Flow Statement (NT$m)	2024	2025	2026E	2027E	2028E
Net Income	7,623	8,400	12,039	13,413	14,549
Depreciation & amortization	2,561	2,578	2,853	2,889	2,900
Change in receivables	460	(4,469)	(1,303)	(1,406)	(1,569)
Change in inventories	(91)	496	(869)	(2,112)	(1,928)
Change in payables	(81)	631	(178)	163	129
Other adjustments	207	30	(2,928)	(10)	0
Cash flow from operations	**10,678**	**7,667**	**9,614**	**12,937**	**14,080**
Purchase/Sale of investments	0	0	0	0	0
CAPEX	(2,653)	(2,815)	(3,049)	(3,000)	(3,000)
Other adjustments	(1,044)	1,845	115	0	0
Cash flow from investing	**(3,696)**	**(969)**	**(2,934)**	**(3,000)**	**(3,000)**
Free cash flow	8,026	4,852	6,565	9,937	11,080
Equity raised (buyback)	0	0	0	0	0
Debt/Bond issued (repaid)	(5,838)	(5,341)	783	0	0
Dividends paid	(3,595)	(4,002)	(6,002)	(7,825)	(8,718)
Other adjustments	(85)	(86)	(1,183)	0	0
Cash flow from financing	**(9,518)**	**(9,429)**	**(6,402)**	**(7,825)**	**(8,718)**
Beginning cash	9,192	6,726	3,977	4,421	6,533
Net change in cash	(2,466)	(2,749)	444	2,112	2,362
Ending cash	6,726	3,977	4,421	6,533	8,895

Source: Company reports, J.P. Morgan estimates.

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

J.P.Morgan

Table 29: Quarterly financial summary - AirTAC

	2026E				2027E				2028E							
NT$mn, year-end Dec	**1Q**	**2Q**	**3QE**	**4QE**	**1QE**	**2QE**	**3QE**	**4QE**	**1QE**	**2QE**	**3QE**	**4QE**	**2025**	**2026E**	**2027E**	**2028E**
Revenues	**10,014**	**12,164**	**11,512**	**10,961**	**11,414**	**13,374**	**12,390**	**12,090**	**12,525**	**14,658**	**13,362**	**12,972**	**34,330**	**44,651**	**49,268**	**53,517**
Cost of goods sold	(5,210)	(6,116)	(5,838)	(5,582)	(5,791)	(6,767)	(6,325)	(6,202)	(6,411)	(7,479)	(6,868)	(6,694)	(18,548)	(22,747)	(25,085)	(27,452)
Gross profit	**4,804**	**6,048**	**5,674**	**5,379**	**5,623**	**6,607**	**6,065**	**5,889**	**6,115**	**7,179**	**6,493**	**6,278**	**15,782**	**21,904**	**24,183**	**26,065**
SG&A expenses	(1,168)	(1,429)	(1,405)	(1,348)	(1,358)	(1,538)	(1,462)	(1,451)	(1,478)	(1,612)	(1,537)	(1,531)	(4,384)	(5,350)	(5,809)	(6,158)
R&D expenses	(311)	(354)	(357)	(329)	(354)	(401)	(384)	(363)	(388)	(440)	(414)	(389)	(1,111)	(1,351)	(1,502)	(1,631)
Operating profit	**3,325**	**4,265**	**3,913**	**3,702**	**3,911**	**4,668**	**4,219**	**4,075**	**4,248**	**5,127**	**4,542**	**4,359**	**10,288**	**15,204**	**16,872**	**18,276**
Profit before Tax	**3,424**	**4,238**	**3,937**	**3,730**	**3,918**	**4,694**	**4,250**	**4,116**	**4,262**	**5,159**	**4,585**	**4,411**	**10,645**	**15,329**	**16,978**	**18,417**
Income tax	(753)	(927)	(827)	(783)	(823)	(986)	(893)	(864)	(895)	(1,083)	(963)	(926)	(2,246)	(3,290)	(3,565)	(3,867)
Net income	**2,671**	**3,311**	**3,111**	**2,947**	**3,095**	**3,709**	**3,358**	**3,252**	**3,367**	**4,075**	**3,622**	**3,485**	**8,400**	**12,039**	**13,413**	**14,549**
EPS (basic, NT$)	13.4	16.6	15.6	14.7	15.5	18.5	16.8	16.3	16.8	20.4	18.1	17.4	42.0	60.2	67.1	72.7
Margins & Ratio																
Gross margin	48.0%	49.7%	49.3%	49.1%	49.3%	49.4%	48.9%	48.7%	48.8%	49.0%	48.6%	48.4%	46.0%	49.1%	49.1%	48.7%
Operating margin	33.2%	35.1%	34.0%	33.8%	34.3%	34.9%	34.0%	33.7%	33.9%	35.0%	34.0%	33.6%	30.0%	34.1%	34.2%	34.2%
Net margin	26.7%	27.2%	27.0%	26.9%	27.1%	27.7%	27.1%	26.9%	26.9%	27.8%	27.1%	26.9%	24.5%	27.0%	27.2%	27.2%
Cost to income ratio	14.8%	14.7%	15.3%	15.3%	15.0%	14.5%	14.9%	15.0%	14.9%	14.0%	14.6%	14.8%	16.0%	15.0%	14.8%	14.6%
YoY Growth (%)																
Revenues	24%	36%	40%	21%	14%	10%	8%	10%	10%	10%	8%	7%	12%	30%	10%	9%
Gross profit	34%	47%	49%	25%	17%	9%	7%	9%	9%	9%	7%	7%	10%	39%	10%	8%
Operating profit	46%	56%	59%	31%	18%	9%	8%	10%	9%	10%	8%	7%	14%	48%	11%	8%
Net income	38%	63%	48%	27%	16%	12%	8%	10%	9%	10%	8%	7%	10%	43%	11%	8%
EPS	38%	63%	48%	27%	16%	12%	8%	10%	9%	10%	8%	7%	10%	43%	11%	8%
QoQ Growth (%)																
Revenues	11%	21%	-5%	-5%	4%	17%	-7%	-2%	4%	17%	-9%	-3%				
Gross profit	12%	26%	-6%	-5%	5%	18%	-8%	-3%	4%	17%	-10%	-3%				
Operating profit	18%	28%	-8%	-5%	6%	19%	-10%	-3%	4%	21%	-11%	-4%				
Net income	15%	24%	-6%	-5%	5%	20%	-9%	-3%	4%	21%	-11%	-4%				
EPS	15%	24%	-6%	-5%	5%	20%	-9%	-3%	4%	21%	-11%	-4%				

Source: Company reports, J.P. Morgan estimates.

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

Investment Thesis, Valuation and Risks

AirTAC *(Overweight; Price Target: NT$1,600.00)*

Investment Thesis
We rate AirTAC OW as a key beneficiary of China's automation upcycle, with further market share gains and improving operating efficiency supporting earnings growth and resilience through downturns. New business lines offer incremental growth opportunities beyond core pneumatics, while valuation remains attractive at 1-std below its 10-year average forward P/E, making AirTAC our quality pick in the current cycle.

Valuation
Our Dec-27 PT of NT$1,600 is based on 22x 12M forward EPS. Our target multiple reflects AirTAC's leading position in China's pneumatic components market and 20% FY25-28E EPS CAGR, while taking a more conservative stance amid concerns over any potential cyclical downturn.

Risks to Rating and Price Target
Key downside risks include: 1) faster-than-expected cycle normalization; 2) margin pressure from increased competition and higher raw material costs; 3) execution risk in ramping new growth engines; and 4) higher-than-expected opex.

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

J.P.Morgan

AirTAC: Summary of Financials

Income Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**30,660**	**34,330**	**44,651**	**49,268**	**53,517**
COGS	(16,346)	(18,548)	(22,747)	(25,085)	(27,452)
Gross profit	**14,314**	**15,782**	**21,904**	**24,183**	**26,065**
SG&A	(4,248)	(4,384)	(5,350)	(5,809)	(6,158)
Adj. EBITDA	**11,586**	**12,866**	**18,057**	**19,762**	**21,176**
D&A	(2,561)	(2,578)	(2,853)	(2,889)	(2,900)
Adj. EBIT	**9,026**	**10,288**	**15,204**	**16,872**	**18,276**
Net Interest	36	65	93	106	140
Adj. PBT	**9,634**	**10,645**	**15,329**	**16,978**	**18,417**
Tax	(2,010)	(2,246)	(3,290)	(3,565)	(3,867)
Minority Interest	0	0	0	0	0
Adj. Net Income	**7,624**	**8,400**	**12,039**	**13,413**	**14,549**
Reported EPS	38.09	41.97	60.19	67.05	72.73
Adj. EPS	**38.09**	**41.97**	**60.19**	**67.05**	**72.73**
DPS	**20.01**	**30.01**	**39.13**	**43.59**	**47.29**
Payout ratio	52.5%	71.5%	65.0%	65.0%	65.0%
Shares outstanding	200	200	200	200	200

Balance Sheet	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	6,726	3,977	4,421	6,533	8,895
Accounts receivable	9,719	14,395	16,216	17,622	19,191
Inventories	6,803	6,292	7,402	9,515	11,443
Other current assets	2,171	383	1,556	1,556	1,556
Current assets	**25,419**	**25,047**	**29,596**	**35,226**	**41,085**
PP&E	28,987	28,753	29,709	29,820	29,920
LT investments	921	957	3	3	3
Other non current assets	2,234	2,782	2,856	2,856	2,856
Total assets	**57,561**	**57,540**	**62,164**	**67,905**	**73,865**
Short term borrowings	5,611	217	1,000	1,000	1,000
Payables	1,129	1,307	1,468	1,631	1,760
Other short term liabilities	2,364	3,106	5,589	5,589	5,589
Current liabilities	**9,103**	**4,630**	**8,058**	**8,221**	**8,350**
Long-term debt	0	0	0	0	0
Other long term liabilities	558	323	362	352	352
Total liabilities	**9,662**	**4,953**	**8,420**	**8,573**	**8,702**
Shareholders' equity	47,893	52,581	53,739	59,326	65,157
Minority interests	6	6	6	6	6
Total liabilities & equity	**57,561**	**57,540**	**62,164**	**67,905**	**73,865**
BVPS	**239.46**	**262.91**	**268.69**	**296.63**	**325.79**
y/y Growth	*12.5%*	*9.8%*	*2.2%*	*10.4%*	*9.8%*
Net debt/(cash)	(1,115)	(3,760)	(3,421)	(5,533)	(7,895)

Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operating activities	**10,678**	**7,667**	**9,614**	**12,937**	**14,080**
o/w Depreciation & amortization	2,561	2,578	2,853	2,889	2,900
o/w Changes in working capital	275	(3,323)	(2,342)	(3,355)	(3,368)
Cash flow from investing activities	**(3,696)**	**(969)**	**(2,934)**	**(3,000)**	**(3,000)**
o/w Capital expenditure	(2,653)	(2,815)	(3,049)	(3,000)	(3,000)
as % of sales	*8.7%*	*8.2%*	*6.8%*	*6.1%*	*5.6%*
Cash flow from financing activities	**(9,518)**	**(9,429)**	**(6,402)**	**(7,825)**	**(8,718)**
o/w Dividends paid	(3,595)	(4,002)	(6,002)	(7,825)	(8,718)
o/w Shares issued/(repurchased)	0	0	0	0	0
o/w Net debt issued/(repaid)	(5,838)	(5,341)	783	0	0
Net change in cash	**(2,466)**	**(2,749)**	**444**	**2,112**	**2,362**
Adj. Free cash flow to firm	**8,026**	**4,852**	**6,565**	**9,937**	**11,080**
y/y Growth	*21.6%*	*(39.5%)*	*35.3%*	*51.4%*	*11.5%*

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	46.7%	46.0%	49.1%	49.1%	48.7%
EBITDA margin	37.8%	37.5%	40.4%	40.1%	39.6%
EBIT margin	29.4%	30.0%	34.1%	34.2%	34.2%
Net profit margin	24.9%	24.5%	27.0%	27.2%	27.2%
ROE	16.9%	16.7%	22.6%	23.7%	23.4%
ROA	13.2%	14.6%	20.1%	20.6%	20.5%
ROCE	13.3%	15.3%	22.2%	23.2%	22.8%
SG&A/Sales	13.9%	12.8%	12.0%	11.8%	11.5%
Net debt/Equity	NM	NM	NM	NM	NM
Net debt/EBITDA	NM	NM	NM	NM	NM
Sales/Assets (x)	0.5	0.6	0.7	0.8	0.8
Assets/Equity (x)	1.3	1.1	1.1	1.2	1.1
Interest cover (x)	NM	NM	NM	NM	NM
Operating leverage	71.4%	116.8%	158.9%	106.1%	96.5%
Tax rate	20.9%	21.1%	21.5%	21.0%	21.0%
Revenue y/y Growth	2.8%	12.0%	30.1%	10.3%	8.6%
EBITDA y/y Growth	2.9%	11.0%	40.3%	9.4%	7.2%
EPS y/y Growth	9.4%	10.2%	43.4%	11.4%	8.5%

Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
P/E (x)	28.9	26.2	18.3	16.4	15.1
P/BV (x)	4.6	4.2	4.1	3.7	3.4
EV/EBITDA (x)	18.9	16.8	12.0	10.9	10.0
Dividend Yield	1.8%	2.7%	3.6%	4.0%	4.3%

Source: Company reports and J.P. Morgan estimates.
Note: NT$ in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

J.P.Morgan

▲ **Neutral**
Previous: Underweight

2049.TW, 2049 TT
Price (22 Oct 26):NT$299.00

▲ **Price Target (Dec-27):NT$310.00**
Prior (Dec-26):NT$160.00

Taiwan Industrial

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com
J.P. Morgan Securities (Taiwan) Limited

Key Changes (FYE Dec)

	Prev	Cur	Δ
Adj. EPS - 26E (NT$)	5.46	9.03	65.5%
Adj. EPS - 27E (NT$)	6.42	11.09	72.7%

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	78	89	83	55	75
Growth	88	90	82	83	27
Momentum	48	43	76	84	72
Quality	86	86	86	67	67
Low Vol	51	64	65	52	61

Hiwin

Solid visibility but valuation and margin cyclicality limit upside

We assume coverage of Hiwin with a Neutral rating and a Dec-27 PT of NT$310. While Hiwin has benefited from rising demand for precision motion components across industrial automation, AI/semis and robotics, we believe its current valuation already reflects much of the recovery. Tight supply-demand conditions should support pricing and order visibility, but incremental demand from semiconductors and robotics is likely to materialize gradually rather than drive a meaningful near-term earnings upgrade. At 27x FY27E P/E, Hiwin trades at a 30-40% premium to domestic peer average despite structurally lower profitability and greater margin downside in a cyclical downturn. This limits the scope for further multiple expansion and leaves the risk-reward less compelling, supporting our Neutral rating.

- **Extended lead times support visibility, but with limited earnings upside.** Hiwin's lead times have extended to 4-6M for linear guideways and 6M for ball screws, reflecting healthy demand across industrial automation, AI/semis and precision machinery. Advance orders and disciplined capacity expansion should sustain a high backlog and support earnings visibility into 1H27E. However, with the share price already reflecting the near-term recovery, we see limited room for further re-rating or material earnings upside from current levels, unless demand proves more durable than expected.
- **Robotics and semiconductor expansion remain gradual, longer-term opportunities.** Hiwin is expanding into semiconductor equipment (e.g. EFEM and wafer robots), logistics automation, and CPO-related solutions, which could benefit from rising AI/semis capex, though meaningful revenue contribution would likely take time. Dexterity's logistics robots remain at an early stage, with deployment dependent on customer adoption schedules. Longer-term opportunities in humanoid robotics also await clearer commercialization roadmaps, while harmonic drives remain immaterial to revenue despite ongoing shipments. We estimate robotics will account for 13% of revenue by FY28E, up from 9% in FY25, but expect the ramp to be gradual, limiting the likelihood of significant near-term earnings upgrades.
- **Competition and margin cyclicality remain key concerns.** We see Hiwin as more exposed than peers to competition from Chinese domestic players, particularly in linear guideways, where higher product standardization increases the risk of local substitution. Pricing pressure also tends to intensify during downcycles, as weaker demand and lower utilization prompt local suppliers to compete more aggressively on price. As a result, Hiwin's gross margin is likely to remain cyclical and vulnerable during demand downturns, with recovery dependent on a demand improvement or a richer product mix toward semiconductor equipment, robotics applications, and system-level solutions.
- **Neutral with a Dec-27 PT of NT$310.** Our PT of NT$310 is based on 27x target P/E and 12M forward EPS of NT$11.5, implying 4% upside, as the target multiple reflects no re-rating/de-rating impulse from here to our PT horizon. However, relative to peers, we see a less attractive risk-reward given Hiwin's structurally lower profitability, greater exposure to domestic competition and more cyclical margin profile. We would revisit our fair value and rating if there is clearer evidence that earnings growth can remain above trend into FY28E, or if Hiwin's valuation premium to peers narrows. Key upside risks include faster semiconductor/robotics growth and stronger margin expansion with sustained order momentum; downside risks include a slowdown in automation cycle, intensifying competition, rising raw material costs and FX fluctuations.

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

J.P.Morgan

Price Performance



	YTD	1m	3m	12m
Abs	54.1%	-9.7%	-6.7%	35.6%
Rel	-4.9%	-6.0%	-9.4%	-30.9%

Company Data

Shares O/S (mn)	354
52-week range (NT$)	426.00-180.50
Market cap ($ mn)	3,262
Exchange rate	32.43
Free float (%)	75.8%
3M ADV (mn)	4.16
3M ADV ($ mn)	45.5
Volatility (90 Day)	58
Index	TAIEX
BBG ANR (Buy | Hold | Sell)	15|4|2

Key Metrics (FYE Dec)

NT$ in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	24,263	30,046	35,072	37,048
Adj. EBITDA	4,001	6,345	7,380	7,562
Adj. EBIT	1,643	3,833	4,850	5,010
Adj. net income	1,526	3,199	3,928	4,067
Adj. EPS	4.30	9.03	11.09	11.48
BBG EPS	4.21	9.27	11.86	11.35
Cashflow from operations	4,277	5,612	4,906	5,865
FCFF	1,511	3,134	2,106	3,065
Margins and Growth				
Revenue Growth Y/Y (%)	(0.5%)	23.8%	16.7%	5.6%
EBITDA margin	16.5%	21.1%	21.0%	20.4%
EBITDA Growth Y/Y (%)	(8.9%)	58.6%	16.3%	2.5%
EBIT margin	6.8%	12.8%	13.8%	13.5%
Net margin	6.3%	10.6%	11.2%	11.0%
Adj. EPS growth	(22.6%)	109.8%	22.8%	3.5%
Ratios				
Adj. tax rate	20.1%	23.2%	23.3%	23.3%
Interest cover	31.1	52.0	70.2	82.2
Net debt/Equity	0.0	NM	NM	NM
Net debt/EBITDA	0.3	NM	NM	NM
ROCE	2.9%	6.2%	7.4%	7.3%
ROE	4.1%	8.2%	9.5%	9.3%
Valuation				
FCFF yield	1.4%	3.0%	2.0%	2.9%
Dividend yield	0.7%	1.4%	1.7%	1.7%
EV/Revenue	4.4	3.5	3.0	2.8
EV/EBITDA	26.7	16.5	14.1	13.6
Adj. P/E	69.5	33.1	27.0	26.0

Summary Investment Thesis and Valuation

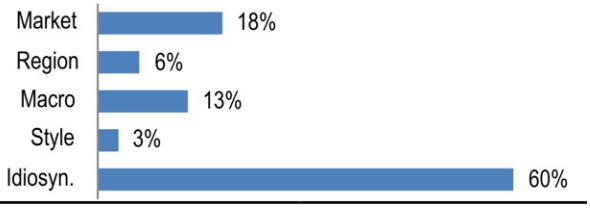
Investment Thesis

We rate Hiwin Neutral, as the automation recovery and rising AI/semiconductor and robotics demand should support solid growth. However, the stock trades at a premium to peers despite structurally lower profitability, while it also faces greater margin downside in a cyclical downturn. With semiconductor and robotics contributions expected to ramp up gradually, we see limited room for material earnings upgrades and further re-rating potential, leaving a less compelling risk-reward profile than peers.

Valuation

Our Dec-27 PT of NT$310 is based on 27x 12M forward EPS, reflecting limited downside from its discount to historical valuation and clear order visibility, but also limited upside given its premium to peers relative to its weaker profitability.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.37	0.42
Region: Taiwan	0.16	0.24
Macro:		
US 10 Year Yield	0.38	0.35
JP Morgan GBI-EM Global Div	-0.22	-0.21
Citi Economic Surprise - EM	-0.30	-0.19
Quant Styles:		
Growth	0.19	0.22
DivYld	-0.17	-0.21
Value	-0.17	-0.19

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

Investment Thesis

1. Extended lead times support visibility, but with limited earnings upside

Hiwin continues to see tight supply-demand conditions, with lead times at 4-6 months for linear guideways and 6 months for ball screws, reflecting strong demand across automation, AI/semiconductor equipment and other precision machinery. Customers are also placing orders ahead of actual production requirements to secure capacity, keeping Hiwin's backlog elevated and extending demand visibility into 1H27E. Meanwhile, Hiwin is taking a disciplined approach to capacity expansion; as a result, we believe the supply-demand conditions are likely to remain tight, supporting higher utilization and pricing. With price increases implemented after Lunar New Year starting to flow through from June, we expect a full pricing benefit in 3Q26. That said, while these factors support solid near-term earnings visibility, we believe much of the recovery is already reflected in the share price. As such, incremental upside may be limited unless demand proves more durable than expected or Europe's recovery accelerates, given the region accounts for c.25-30% of Hiwin's revenue and carries higher margins.

Table 30: Product lead time trend of Hiwin

Period	Ball screw lead time	Linear guideway lead time	Note
May-25	2-2.5 months	2-2.5 months	1Q25 earnings call: lead times c.2-2.5 months; some overtime production may be needed to avoid delays and customer order shifts.
Nov-25	2-2.5 months	2-2.5 months	3Q25 earnings call: management noted customer inventories were low.
Mar-26	4 months	3-3.5 months	Extended by 0.5-1 month vs. pre-Lunar New Year
May-26	4.5-5 months	3.5 months	1Q26 earnings call: order visibility c.4-5 months; demand exceeds production capacity.
Aug-26	6 months	4-6 months	Order visibility extends into 1Q27

Source: Company data, News summary, J.P. Morgan.

2. Robotics & semiconductor expansion remain gradual, longer-term opportunities

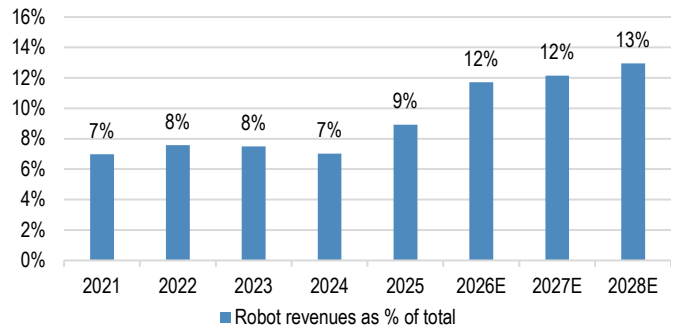
Hiwin is expanding beyond motion-control components into integrated robotics solutions, with robotics revenue mix rising from 9% in FY25 to 12% in 1H26. We see further growth potential from existing revenue drivers, emerging projects and longer-term humanoid opportunities, with our forecasts implying 21%/13% YoY growth in robotics revenue in FY27/28E. However, we expect the ramp to remain gradual, with near-term contribution still led by existing applications rather than a step-change from new robotics projects.

- **Single-axis and semis robots are the key revenue drivers:** Hiwin's robotics business is currently driven mainly by single-axis robots and semiconductor-related applications, such as EFEM (Equipment Front End Module), load ports, and wafer robots. Single-axis robots serve a broad range of industries, while semiconductor robotics continues to benefit from AI and advanced semis capex. We see these applications remaining the major contributors to robotics revenue in the near-term.
- **Emerging projects from multi-axis robots and CPO should scale gradually:** Hiwin is developing several new projects, such as welding robots and Dexterity's eight-axis logistics robot. The welding robot project could serve customers across diversified industries, potentially generating low-volume revenue in FY27E, while the Dexterity project remains dependent on customer deployment schedules. For CPO, Hiwin's direct exposure is mainly through component shipments (e.g. small ball screws), while system-level revenue (e.g. test equipment) is largely recognized at Hiwin Mikrosystem. Thus, the direct earnings uplift for Hiwin is likely to be more moderate, although CPO should still provide incremental upside over time.

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

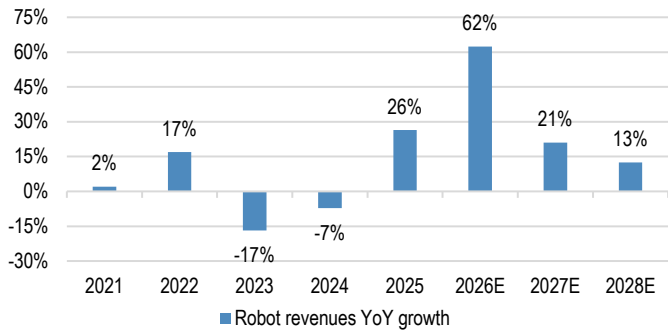
- **Humanoid robotics offers a long-term opportunity, but commercialization remains uncertain:** Humanoid robotics represents a longer-term opportunity, leveraging Hiwin's capabilities in harmonic drives, planetary roller screws, and integrated joint modules. Hiwin has begun shipping harmonic drives, though the contribution remains limited, while planetary roller screws may start to generate revenue from FY27E, subject to ramp-up schedules. Overall, Hiwin's exposure to humanoid robotics remains at an early stage, with the timing of project commercialization still uncertain.

Figure 61: Robot revenue mix - Hiwin



Source: Company data, J.P. Morgan estimates.

Figure 62: Robot revenue YoY growth - Hiwin

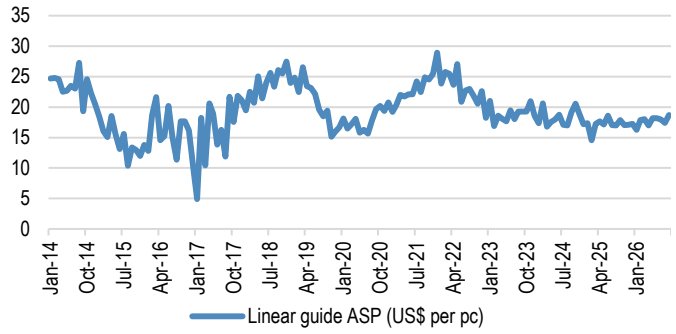


Source: Company data, J.P. Morgan estimates.

3. Competition and margin cyclicality remain key concerns

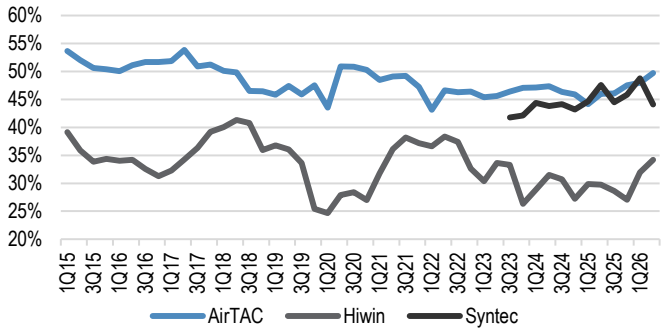
We believe Hiwin's margins are more exposed to cyclical pressure than peers, given its relatively high exposure to standardized motion-control products, particularly linear guideways, where local substitution risk is higher. Historical ASP trends for linear guideways suggest pricing pressure tends to intensify during downcycles, as weaker demand and lower utilization prompt local suppliers to compete more aggressively on price. This pricing sensitivity is also reflected in Hiwin's margin profile, which is at a lower level experiencing larger margin swings than automation peers. Thus, Hiwin's gross margin is likely to be cyclical and vulnerable during demand downturns, with recovery dependent on a demand improvement or a favorable product mix toward semiconductor equipment, robotics applications, and system-level solutions.

Figure 63: Linear guideway ASP is exposed to cycle-driven pricing pressure



Source: Taiwan Customs.

Figure 64: Hiwin's margins are lower and more cyclical than peers



Source: Company data.

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

Investment Risks

Upside Risks

1. **Faster ramp-up in semiconductor equipment and robotics.** Our base case assumes a gradual contribution from these segments rather than seeing material near-term earnings upgrades. However, stronger-than-expected demand from advanced packaging, AI-related semiconductor applications, or robotics could accelerate Hiwin's revenue growth and drive earnings upside risks. Key milestones we are tracking include: (1) whether wafer robot and semiconductor subsystem shipments keep ramping beyond 2Q27; (2) whether Dexterity's logistics-related orders transition from sampling into confirmed, meaningful orders in FY27E; (3) whether Hiwin secures commercial humanoid projects, and the contribution progress of its harmonic drives and planetary roller screws.
2. **Stronger-than-expected margin expansion.** We expect Hiwin's margins to face greater downside risks in a downturn, given lower utilization and increased price competition. However, more resilient demand, a favorable product mix, or better cost efficiencies could support stronger gross and operating margins, providing upside to earnings estimates.
3. **Sustained order momentum.** A stronger automation recovery, particularly in machine tools and China's manufacturing upgrades, could extend lead times and improve order visibility. In addition, a faster-than-expected rebound in Europe would reinforce the durability of the recovery, as the region's demand has so far lagged prior upcycles. Sustained demand would support capacity utilization and raise the likelihood of upward earnings revisions.

Downside Risks

1. **A slowdown in the automation cycle.** Hiwin remains exposed to cyclical demand in industrial automation, machine tools, and China automation capex. A slowdown in manufacturing activity or automation investment could dampen demand for linear guideways and ball screws, leading to earnings downside risks.
2. **Intensifying competition pressuring market share and pricing.** Japanese suppliers in high-end applications and Chinese suppliers in lower-end segments could erode Hiwin's market share or force price concessions, weighing on revenue growth and margins.
3. **Rising raw material costs.** As raw material costs (especially steel) account for the largest share of Hiwin's COGS, a significant increase in material prices could weigh on gross margins, particularly when price adjustments lag cost inflation, or when customer pass-through becomes more difficult.
4. **Adverse FX volatility and movements.** Unfavorable movements in major currencies such as the USD, EUR, RMB, or TWD could pressure reported revenue and gross margins, especially during periods of TWD appreciation. For example, Hiwin's 3Q25 gross margin declined 1.1ppt QoQ, partly due to TWD appreciation. Continued FX volatility could increase earnings volatility and reduce margin visibility.

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

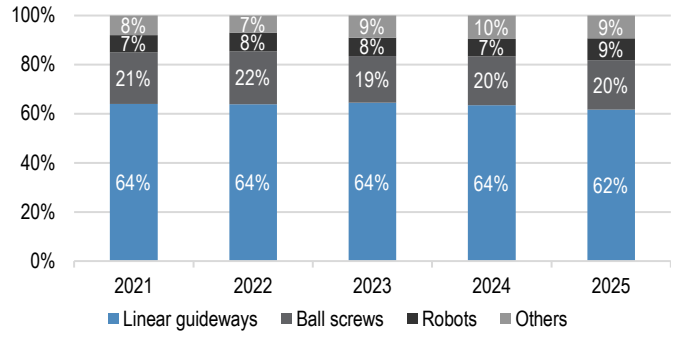
Company Background

Company Overview

Established in 1989 and listed on the TWSE in 2009, Hiwin is a leading manufacturer of linear motion components. Its core products include linear guideways (62% of FY25 sales), ball screws (20%), and robots (9%), while also serving a broad range of end markets such as machine tools, semiconductor equipment, electronics, and medical devices.

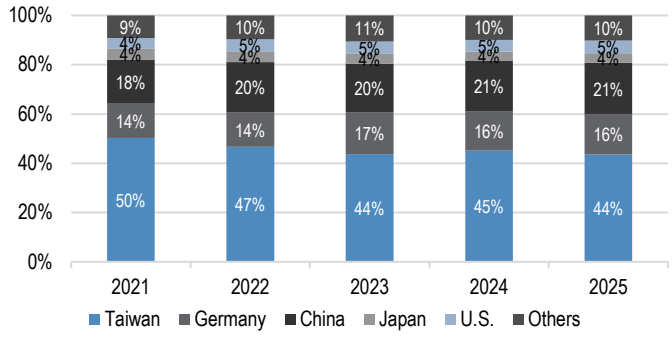
The company has expanded its manufacturing and sales network through previous M&As, with Taiwan being its largest market (44% of FY25 sales), followed by China (21%), Germany (16%), the U.S. (5%) and Japan (4%). Its major production bases are located in Taiwan, such as Taichung and Yunlin, accounting for 80-90% of the production capacity, while the overseas subsidiaries mainly handle downstream customization/assembly and also serve as sales hubs. In addition, Hiwin's 8%-owned affiliate company, Hiwin Mikrosystem (4576 TT, NC), complements the group's mechanical transmission products by providing motors, encoders, drives and motion control systems, enabling Hiwin to offer integrated motion solutions for automation and robotics applications.

Figure 65: Revenue by product - Hiwin



Source: Company data, J.P. Morgan.

Figure 66: Revenue by region - Hiwin



Source: Company reports.

Table 31: M&A history - Hiwin

Time	Company Name	Country	Product	Purpose
1993	Holzer	Germany	Ball screw	To improve ball screw manufacturing
1996	Yuan Yin Precision	Taiwan	Ball screw	To improve ball screw manufacturing
2009	Mega Fabs Motion system	Israel	Motor and control system	To improve manufacturing in high-end motor, a key part in industrial robot.
2010	Matrix	British	Screw grinder	To improve vertical integration
2015	Luren	Taiwan	Gear cutting tools	To improve vertical integration

Source: Company reports.

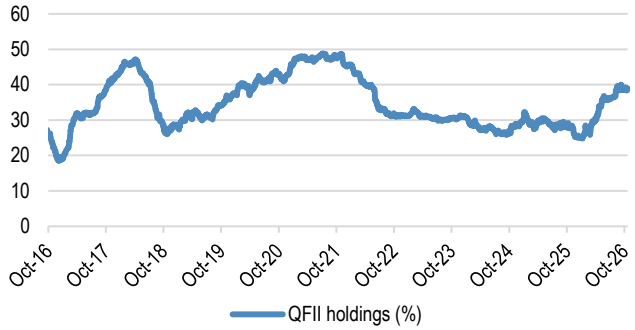
Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

Table 32: Major shareholder list - Hiwin

Major Shareholders	Holding %
Hiwin Investment	8.15%
New Labor Pension Fund	3.41%
Fidelity Advisor Emerging Markets Fund (custodied by HSBC Bank Taiwan)	3.34%
Eric Y.T. Chuo	2.68%
Eddie W.H. Chuo	1.93%
Nan Shan Life	1.92%
Fidelity Emerging Markets Fund (custodied by Deutsche Bank Taipei)	1.68%
Shun-Chin Lee	1.67%
Olivia S.Y. Chuo	1.53%
Yongqiang Investment	1.53%

Source: Company reports. Note: data as of March 31, 2026.

Figure 67: QFII holding - Hiwin

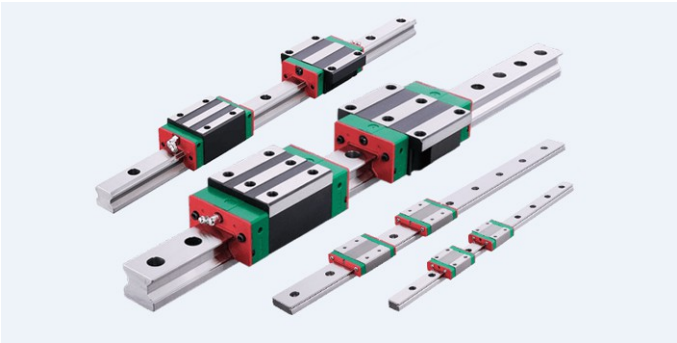


Source: TEJ.

Linear Motion & Robotics Product Overview

Linear motion components are precision mechanical transmission products that enable accurate and efficient linear movement in automated equipment, such as machine tools, semiconductor equipment, robotics, etc. The two core products are: **(1) linear guideways**, which provide smooth, low-friction linear guidance; and **(2) ball screws**, which convert rotary motion into precise linear motion. Together, they form the foundation of a high-precision motion control system. Building on its motion-control expertise, Hiwin also offers robotics solutions, such as single-axis, multi-axis and wafer robots for semiconductor, medical and other industrial applications.

Figure 68: Linear guideways



Source: Company data.

Figure 69: Ball screws



Source: Company data.

Table 33: Robotics product portfolio of Hiwin

Category	Series
General industry	Single-axis robot, articulated robotic-arm, SCARA robotic-arm, electric gripper
Semiconductor industry	Wafer transfer system, wafer robotic-arm, wafer edge finder, load port
Medical industry	Robotic gait training system
Strain Wave Gear	Datorker robot strain wave gear
Precision Bearing	Crossed roller bearing, ball screw bearing, support unit

Source: Company reports.

Financial Analysis

Revenue & Profitability

- We forecast revenue to increase from NT$24.3bn in FY25 to NT$37bn in FY28E, representing a 15% CAGR.
- We forecast gross margin to increase from 28.8% in FY25 to 34.2% in FY27E, before easing to 33.6% by FY28E.
- We estimate opex to increase from NT$5.3bn in FY25 to NT$7.5bn in FY28E, while the cost-income ratio improves from 22% to 20.1% under better operating leverage.
- We project EPS of NT$9.0/11.1/11.5 in FY26/27/28E, up 110%/23%/4% YoY respectively, with ROE sustained at 8-9% over FY26-28E.

Balance Sheet & Cash Flow

- We forecast Hiwin's OCF to improve from NT$4.3bn in FY25 to NT$5.9bn in FY28E, with FCF rising from NT$1.5bn to NT$3.1bn, despite a low ROE and annual CAPEX of NT2.5-2.8bn (c.8-11% of revenue). This supports cash balance growth, suggesting investments are increasingly funded by cash generation.
- We also expect Hiwin's dividend payout ratio to reach 45% in FY26E, largely in line with its 5-year average, implying a cash DPS of NT$4.1.

Amanda Chang AC
(886-2) 2725-9861
amanda.chang@jpmorgan.com

J.P.Morgan

Table 34: Income statement summary - Hiwin

Income statement (NT$m)	2024	2025	2026E	2027E	2028E
Revenues	**24,392**	**24,263**	**30,046**	**35,072**	**37,048**
Cost of goods sold	(17,174)	(17,285)	(19,882)	(23,080)	(24,588)
Gross profit	**7,218**	**6,978**	**10,164**	**11,993**	**12,460**
SG&A expenses	(4,196)	(4,310)	(5,129)	(5,740)	(5,968)
R&D expenses	(963)	(1,025)	(1,202)	(1,403)	(1,482)
Operating profit	**2,059**	**1,643**	**3,833**	**4,850**	**5,010**
EBITDA	**4,393**	**4,001**	**6,345**	**7,380**	**7,562**
Non-operating income / loss	191	121	165	73	88
Profit before Tax	**2,250**	**1,764**	**3,998**	**4,923**	**5,098**
Income tax	(387)	(354)	(929)	(1,146)	(1,187)
Minority interest	(109)	(116)	(130)	(151)	(156)
Attributable Net Income	**1,972**	**1,526**	**3,199**	**3,928**	**4,067**
EPS (basic, NT$)	5.6	4.3	9.0	11.1	11.5
DPS (cash only, NT$)	2.4	2.0	4.1	5.0	5.2

Source: Company reports, J.P. Morgan estimates.

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

J.P.Morgan

Table 35: Balance sheet summary - Hiwin

Balance Sheet (NT$m)	2024	2025	2026E	2027E	2028E
Cash and cash equivalents	7,354	7,624	9,649	10,316	11,613
Marketable Securities	0	0	1	1	1
Accounts/Notes receivable	4,467	4,418	4,675	5,331	5,570
Inventories	7,407	7,094	7,885	9,189	9,702
Total current assets	**19,983**	**19,864**	**22,974**	**25,601**	**27,650**
LT investments	1,907	1,490	2,619	2,678	2,737
Net fixed assets	29,367	29,836	29,845	30,114	30,362
Goodwill	357	294	294	294	294
Total assets	**54,418**	**54,176**	**58,337**	**61,292**	**63,648**
Short-term debts	1,397	2,033	2,000	2,000	2,000
Accounts/Notes payable	3,318	3,251	3,711	4,328	4,541
CPLTD	1,067	977	811	811	811
Total current liabilities	8,322	8,530	10,028	10,646	10,859
LT Debt & ECB	7,563	6,712	6,601	6,601	6,601
Total liabilities	**17,343**	**16,702**	**18,104**	**18,721**	**18,934**
Common stocks	3,538	3,538	3,538	3,538	3,538
Reserves	11,509	11,693	11,839	11,839	11,839
Retained earnings	20,520	20,949	22,587	25,075	27,375
Total equity	**37,074**	**37,474**	**40,233**	**42,571**	**44,714**

Source: Company reports, J.P. Morgan estimates.

Amanda Chang AC
(886-2) 2725-9861
amanda.chang@jpmorgan.com

J.P.Morgan

Table 36: Cash flow statement summary - Hiwin

Cash Flow Statement (NT$m)	2024	2025	2026E	2027E	2028E
Net Income	1,863	1,410	3,069	3,777	3,911
Depreciation & amortization	2,334	2,358	2,513	2,531	2,552
Change in receivables	(834)	196	(201)	(657)	(239)
Change in inventories	254	780	(616)	(1,304)	(513)
Change in payables	330	(190)	687	617	213
Other adjustments	(328)	(277)	159	(58)	(60)
Cash flow from operations	**3,619**	**4,277**	**5,612**	**4,906**	**5,865**
Purchase/Sale of investments	11	0	0	0	0
CAPEX	(3,714)	(2,766)	(2,477)	(2,800)	(2,800)
Other adjustments	(180)	(52)	(87)	0	0
Cash flow from investing	**(3,883)**	**(2,818)**	**(2,565)**	**(2,800)**	**(2,800)**
Free cash flow	(96)	1,511	3,134	2,106	3,065
Equity raised (buyback)	0	0	0	0	0
Debt/Bond issued (repaid)	1,003	(317)	(298)	0	0
Dividends paid	(884)	(849)	(708)	(1,439)	(1,768)
Other adjustments	(138)	(112)	(73)	0	0
Cash flow from financing	**(19)**	**(1,278)**	**(1,079)**	**(1,439)**	**(1,768)**
Beginning cash	7,564	7,354	7,624	9,649	10,316
Net change in cash	(210)	270	2,025	667	1,298
Ending cash	7,354	7,624	9,649	10,316	11,613

Source: Company reports, J.P. Morgan estimates.

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

J.P.Morgan

Table 37: Quarterly financial summary - Hiwin

	2026E				2027E				2028E							
NT$mn, year-end Dec	**1Q**	**2Q**	**3QE**	**4QE**	**1QE**	**2QE**	**3QE**	**4QE**	**1QE**	**2QE**	**3QE**	**4QE**	**2025**	**2026E**	**2027E**	**2028E**
Revenues	**6,379**	**7,508**	**8,110**	**8,049**	**7,776**	**8,826**	**9,291**	**9,179**	**8,548**	**9,397**	**9,691**	**9,412**	**24,263**	**30,046**	**35,072**	**37,048**
Cost of goods sold	(4,342)	(4,943)	(5,307)	(5,291)	(5,120)	(5,769)	(6,115)	(6,076)	(5,681)	(6,187)	(6,442)	(6,279)	(17,285)	(19,882)	(23,080)	(24,588)
Gross profit	**2,038**	**2,565**	**2,803**	**2,758**	**2,656**	**3,057**	**3,176**	**3,103**	**2,868**	**3,210**	**3,249**	**3,134**	**6,978**	**10,164**	**11,993**	**12,460**
SG&A expenses	(1,155)	(1,244)	(1,338)	(1,392)	(1,299)	(1,394)	(1,487)	(1,560)	(1,428)	(1,466)	(1,521)	(1,553)	(4,310)	(5,129)	(5,740)	(5,968)
R&D expenses	(252)	(288)	(324)	(338)	(311)	(353)	(372)	(367)	(342)	(376)	(388)	(376)	(1,025)	(1,202)	(1,403)	(1,482)
Operating profit	**631**	**1,034**	**1,141**	**1,028**	**1,047**	**1,309**	**1,318**	**1,175**	**1,098**	**1,368**	**1,339**	**1,204**	**1,643**	**3,833**	**4,850**	**5,010**
Profit before Tax	**719**	**1,080**	**1,157**	**1,042**	**1,063**	**1,329**	**1,339**	**1,192**	**1,117**	**1,391**	**1,365**	**1,225**	**1,764**	**3,998**	**4,923**	**5,098**
Income tax	(170)	(263)	(307)	(189)	(252)	(324)	(355)	(216)	(264)	(339)	(362)	(222)	(354)	(929)	(1,146)	(1,187)
Net income	**579**	**848**	**884**	**888**	**844**	**1,045**	**1,023**	**1,016**	**887**	**1,094**	**1,043**	**1,043**	**1,526**	**3,199**	**3,928**	**4,067**
EPS (basic, NT$)	1.6	2.4	2.5	2.5	2.4	3.0	2.9	2.9	2.5	3.1	2.9	2.9	4.3	9.0	11.1	11.5
Margins & Ratio																
Gross margin	31.9%	34.2%	34.6%	34.3%	34.2%	34.6%	34.2%	33.8%	33.5%	34.2%	33.5%	33.3%	28.8%	33.8%	34.2%	33.6%
Operating margin	9.9%	13.8%	14.1%	12.8%	13.5%	14.8%	14.2%	12.8%	12.8%	14.6%	13.8%	12.8%	6.8%	12.8%	13.8%	13.5%
Net margin	9.1%	11.3%	10.9%	11.0%	10.9%	11.8%	11.0%	11.1%	10.4%	11.6%	10.8%	11.1%	6.3%	10.6%	11.2%	11.0%
Cost to income ratio	22.1%	20.4%	20.5%	21.5%	20.7%	19.8%	20.0%	21.0%	20.7%	19.6%	19.7%	20.5%	22.0%	21.1%	20.4%	20.1%
YoY Growth (%)																
Revenues	9%	27%	35%	24%	22%	18%	15%	14%	10%	6%	4%	3%	-1%	24%	17%	6%
Gross profit	17%	46%	63%	57%	30%	19%	13%	13%	8%	5%	2%	1%	-3%	46%	18%	4%
Operating profit	51%	107%	178%	226%	66%	27%	16%	14%	5%	4%	2%	2%	-20%	133%	27%	3%
Net income	20%	527%	98%	92%	46%	23%	16%	14%	5%	5%	2%	3%	-23%	110%	23%	4%
EPS	20%	527%	98%	92%	46%	23%	16%	14%	5%	5%	2%	3%	-23%	110%	23%	4%
QoQ Growth (%)																
Revenues	-2%	18%	8%	-1%	-3%	13%	5%	-1%	-7%	10%	3%	-3%				
Gross profit	16%	26%	9%	-2%	-4%	15%	4%	-2%	-8%	12%	1%	-4%				
Operating profit	100%	64%	10%	-10%	2%	25%	1%	-11%	-7%	25%	-2%	-10%				
Net income	25%	46%	4%	0%	-5%	24%	-2%	-1%	-13%	23%	-5%	0%				
EPS	25%	46%	4%	0%	-5%	24%	-2%	-1%	-13%	23%	-5%	0%				

Source: Company reports, J.P. Morgan estimates.

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

Investment Thesis, Valuation and Risks

Hiwin *(Neutral; Price Target: NT$310.00)*

Investment Thesis

We rate Hiwin Neutral, as the automation recovery and rising AI/semiconductor and robotics demand should support solid growth. However, the stock trades at a premium to peers despite structurally lower profitability, while it also faces greater margin downside in a cyclical downturn. With semiconductor and robotics contributions expected to ramp up gradually, we see limited room for material earnings upgrades and further re-rating potential, leaving a less compelling risk-reward profile than peers.

Valuation

Our Dec-27 PT of NT$310 is based on 27x 12M forward EPS, reflecting limited downside from its discount to historical valuation and clear order visibility, but also limited upside given its premium to peers relative to its weaker profitability.

Risks to Rating and Price Target

Key upside risks include a faster ramp-up in semiconductor equipment and robotics, stronger-than-expected margin expansion, and sustained order momentum; downside risks include a slowdown in the automation cycle, intensifying competition, rising raw material costs, and adverse FX fluctuations.

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

J.P.Morgan

Hiwin: Summary of Financials

Income Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**24,392**	**24,263**	**30,046**	**35,072**	**37,048**
COGS	(17,174)	(17,285)	(19,882)	(23,080)	(24,588)
Gross profit	**7,218**	**6,978**	**10,164**	**11,993**	**12,460**
SG&A	(4,196)	(4,310)	(5,129)	(5,740)	(5,968)
Adj. EBITDA	**4,393**	**4,001**	**6,345**	**7,380**	**7,562**
D&A	(2,334)	(2,358)	(2,513)	(2,531)	(2,552)
Adj. EBIT	**2,059**	**1,643**	**3,833**	**4,850**	**5,010**
Net Interest	(83)	(128)	(122)	(105)	(92)
Adj. PBT	**2,250**	**1,764**	**3,998**	**4,923**	**5,098**
Tax	(387)	(354)	(929)	(1,146)	(1,187)
Minority Interest	109	116	130	151	156
Adj. Net Income	**1,972**	**1,526**	**3,199**	**3,928**	**4,067**
Reported EPS	5.56	4.30	9.03	11.09	11.48
Adj. EPS	**5.56**	**4.30**	**9.03**	**11.09**	**11.48**
DPS	**2.40**	**2.00**	**4.07**	**5.00**	**5.17**
Payout ratio	43.1%	46.5%	45.0%	45.0%	45.0%
Shares outstanding	354	354	354	354	354

Balance Sheet	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	7,354	7,624	9,649	10,316	11,613
Accounts receivable	4,467	4,418	4,675	5,331	5,570
Inventories	7,407	7,094	7,885	9,189	9,702
Other current assets	755	727	765	765	765
Current assets	**19,983**	**19,864**	**22,974**	**25,601**	**27,650**
PP&E	29,367	29,836	29,845	30,114	30,362
LT investments	1,907	1,490	2,619	2,678	2,737
Other non current assets	3,160	2,986	2,899	2,899	2,899
Total assets	**54,418**	**54,176**	**58,337**	**61,292**	**63,648**
Short term borrowings	1,397	2,033	2,000	2,000	2,000
Payables	3,318	3,251	3,711	4,328	4,541
Other short term liabilities	3,607	3,246	4,318	4,318	4,318
Current liabilities	**8,322**	**8,530**	**10,028**	**10,646**	**10,859**
Long-term debt	7,563	6,712	6,601	6,601	6,601
Other long term liabilities	1,459	1,461	1,474	1,474	1,474
Total liabilities	**17,343**	**16,702**	**18,104**	**18,721**	**18,934**
Shareholders' equity	36,929	37,346	40,235	42,724	45,023
Minority interests	145	128	(2)	(153)	(309)
Total liabilities & equity	**54,418**	**54,176**	**58,337**	**61,292**	**63,648**
BVPS	**104.38**	**105.56**	**113.73**	**120.76**	**127.26**
y/y Growth	*5.5%*	*1.1%*	*7.7%*	*6.2%*	*5.4%*
Net debt/(cash)	1,606	1,121	(1,048)	(1,715)	(3,012)

Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operating activities	**3,619**	**4,277**	**5,612**	**4,906**	**5,865**
o/w Depreciation & amortization	2,334	2,358	2,513	2,531	2,552
o/w Changes in working capital	(248)	702	(95)	(1,343)	(538)
Cash flow from investing activities	**(3,883)**	**(2,818)**	**(2,565)**	**(2,800)**	**(2,800)**
o/w Capital expenditure	(3,714)	(2,766)	(2,477)	(2,800)	(2,800)
as % of sales	*15.2%*	*11.4%*	*8.2%*	*8.0%*	*7.6%*
Cash flow from financing activities	**(19)**	**(1,278)**	**(1,079)**	**(1,439)**	**(1,768)**
o/w Dividends paid	(884)	(849)	(708)	(1,439)	(1,768)
o/w Shares issued/(repurchased)	0	0	0	0	0
o/w Net debt issued/(repaid)	1,003	(317)	(298)	0	0
Net change in cash	**(210)**	**270**	**2,025**	**667**	**1,298**
Adj. Free cash flow to firm	**(96)**	**1,511**	**3,134**	**2,106**	**3,065**
y/y Growth	*(105.2%)*	*(1677.8%)*	*107.4%*	*(32.8%)*	*45.5%*

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	29.6%	28.8%	33.8%	34.2%	33.6%
EBITDA margin	18.0%	16.5%	21.1%	21.0%	20.4%
EBIT margin	8.4%	6.8%	12.8%	13.8%	13.5%
Net profit margin	8.1%	6.3%	10.6%	11.2%	11.0%
ROE	5.5%	4.1%	8.2%	9.5%	9.3%
ROA	3.7%	2.8%	5.7%	6.6%	6.5%
ROCE	3.8%	2.9%	6.2%	7.4%	7.3%
SG&A/Sales	17.2%	17.8%	17.1%	16.4%	16.1%
Net debt/Equity	0.0	0.0	NM	NM	NM
Net debt/EBITDA	0.4	0.3	NM	NM	NM
Sales/Assets (x)	0.5	0.4	0.5	0.6	0.6
Assets/Equity (x)	1.5	1.5	1.5	1.4	1.4
Interest cover (x)	53.0	31.1	52.0	70.2	82.2
Operating leverage	2282.3%	3815.2%	559.0%	158.6%	58.6%
Tax rate	17.2%	20.1%	23.2%	23.3%	23.3%
Revenue y/y Growth	(1.0%)	(0.5%)	23.8%	16.7%	5.6%
EBITDA y/y Growth	(11.7%)	(8.9%)	58.6%	16.3%	2.5%
EPS y/y Growth	(3.0%)	(22.6%)	109.8%	22.8%	3.5%

Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
P/E (x)	53.7	69.5	33.1	27.0	26.0
P/BV (x)	2.9	2.8	2.6	2.5	2.3
EV/EBITDA (x)	24.4	26.7	16.5	14.1	13.6
Dividend Yield	0.8%	0.7%	1.4%	1.7%	1.7%

Source: Company reports and J.P. Morgan estimates.
Note: NT$ in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

J.P.Morgan

Initiation

Overweight

7750.TW, 7750 TT
Price (22 Oct 26):NT$1,810.00
Price Target (Dec-27):NT$2,580.00

Taiwan Industrial

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com
J.P. Morgan Securities (Taiwan) Limited

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	36	67	59	76	
Growth	11	22	19	100	
Momentum	36	17	11		
Quality	14	25	4	49	
Low Vol	75	90	99		

Syntec

A Rising Share Gainer from Controllers to Smart Factories

We initiate coverage on Syntec with an OW rating and a Dec-27 PT of NT$2,580. Syntec provides CNC controllers (48% of FY25 revenue) and servo products (47%) with over 90% of revenue from China. Following 104% YoY revenue growth in 9M26, we expect Syntec to sustain above-industry growth, supported by continued share gains in China's CNC controller market, product mix upgrades toward higher-value applications, and expanding robotics/cloud opportunities. Despite outperforming TAIEX by 54% YTD, valuation remains undemanding at 15x FY27E P/E given our EPS CAGR of 54% in FY25-28E. We forecast FY26/27E revenue growth of 106%/25% YoY, with momentum likely to recover in 4Q26 after a seasonally softer 3Q26. This should support stronger revenue in 2H26 vs. 1H26 and drive FY26/27E EPS growth of 167%/27% YoY.

- **Continued share gains in China's CNC controller market.** Syntec is gaining share from global competitors including FANUC, Mitsubishi and Siemens, initially helped by shorter lead times during competitors' DRAM/component supply disruptions, but increasingly supported by more sustainable competitive advantages. We forecast Syntec's market share in China to rise from c.20% in FY24 to over 25% in FY26E, driven by price-performance advantage, responsive local service, open-platform flexibility and integrated control-and-servo solutions. While supply disruptions provide an entry point, we believe customer familiarity with Syntec's workflow, interface and ecosystem should increase switching costs over time, especially when CNC acts as the core control system. Mgmt. targets 33% share by 2030E and expects controller revenue growth to outpace the industry by 10-15ppt annually.
- **Product mix upgrades and rising turnkey adoption lift ASPs and content per machine**. Syntec's product mix is shifting toward higher-value controller applications, including multi-axis turning/milling and liquid cooling components for AI-related products. Rising turnkey adoption should also increase content per machine, with c.90% of controllers sold together with servo products, strengthening its integrated-solution positioning and deepening customer engagement. We forecast controller revenue growth of 97%/24% YoY and servo revenue growth of 116%/23% YoY in FY26/27E.
- **Robotics and smart manufacturing as a second growth engine.** Beyond controllers and servos, Syntec is expanding into smart manufacturing via Leantec in robotics/cloud and Jumbo in smart factories. Its collaboration with Huayan Robotics (1021 HK, NC) supports its CNC-cobot solutions, with mgmt. targeting >10k cobot orders in FY26-28E. While smart manufacturing was only 3% of FY25 revenue, Syntec can leverage its controller/servo installed base to cross-sell robotics, cloud and factory-automation solutions. Mgmt expects robotic-arm and cloud revenue to double in FY26E, and we forecast smart manufacturing revenue to show a 56% CAGR in FY25-28E.
- **OW rating with a Dec-27 PT of NT$2,580.** Our Dec-27 PT of NT$2,580 is based on a P/E of 20x and 12M forward EPS of NT$129.0, implying 43% upside. We believe our target multiple is justified by Syntec's 54% FY25-28E EPS CAGR. Despite strong YTD performance, the stock still trades at an attractive 15x FY27E P/E, which in our view does not fully reflect its earnings growth potential, mix upgrade, and emerging smart-manufacturing opportunity. Key risks include: 1) share gains failing to materialize or persist after memory/component supply disruptions ease; 2) margin pressure from component cost inflation or supply constraints; 3) China revenue concentration and cyclicality; and 4) higher-than-expected opex.

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

J.P.Morgan

Price Performance



	YTD	1m	3m	12m
Abs	110.0%	-6.9%	-10.8%	115.5%
Rel	51.0%	-3.3%	-13.5%	49.0%

Company Data

Shares O/S (mn)	72
52-week range (NT$)	3,070.00-698.00
Market cap ($ mn)	4,010
Exchange rate	32.43
Free float (%)	59.4%
3M ADV (mn)	0.28
3M ADV ($ mn)	19.5
Volatility (90 Day)	69
Index	TAIEX
BBG ANR (Buy | Hold | Sell)	3|1|0

Key Metrics (FYE Dec)

NT$ in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	13,960	28,781	35,883	38,807
Adj. EBITDA	3,026	8,463	11,065	11,971
Adj. EBIT	2,822	8,248	10,787	11,671
Adj. net income	2,283	6,536	8,315	9,008
Adj. EPS	33.83	91.09	115.87	125.52
BBG EPS	28.46	85.53	115.21	-
Cashflow from operations	2,768	3,511	4,968	7,911
FCFF	2,031	2,775	4,368	7,671
Margins and Growth				
Revenue Growth Y/Y (%)	29.2%	106.2%	24.7%	8.1%
EBITDA margin	21.7%	29.4%	30.8%	30.8%
EBITDA Growth Y/Y (%)	64.3%	179.6%	30.7%	8.2%
EBIT margin	20.2%	28.7%	30.1%	30.1%
Net margin	16.4%	22.7%	23.2%	23.2%
Adj. EPS growth	59.2%	169.3%	27.2%	8.3%
Ratios				
Adj. tax rate	23.3%	23.5%	23.4%	23.4%
Interest cover	NM	NM	NM	NM
Net debt/Equity	NM	NM	NM	NM
Net debt/EBITDA	NM	NM	NM	NM
ROCE	25.9%	44.0%	41.9%	36.3%
ROE	28.1%	46.1%	42.6%	36.8%
Valuation				
FCFF yield	1.7%	2.1%	3.4%	5.9%
Dividend yield	0.9%	2.5%	3.2%	3.5%
EV/Revenue	8.8	4.2	3.3	3.0
EV/EBITDA	40.5	14.3	10.8	9.7
Adj. P/E	53.5	19.9	15.6	14.4

Summary Investment Thesis and Valuation

Investment Thesis

We rate Syntec OW as we expect continued share gains in China's CNC controller market and product mix upgrades toward higher-value applications to support above-industry growth. Together with emerging robotics/cloud opportunities, these drivers underpin our forecast of a 54% FY25-28E EPS CAGR, while valuation remains undemanding at 15x FY27E P/E despite strong performance YTD.

Valuation

Our Dec-27 PT of NT$2,580 is based on 20x 12M forward EPS. The target multiple is above Syntec's average forward P/E since listing on TWSE, which we view as appropriate given its structurally higher growth and improving earnings trajectory vs. its own history.

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

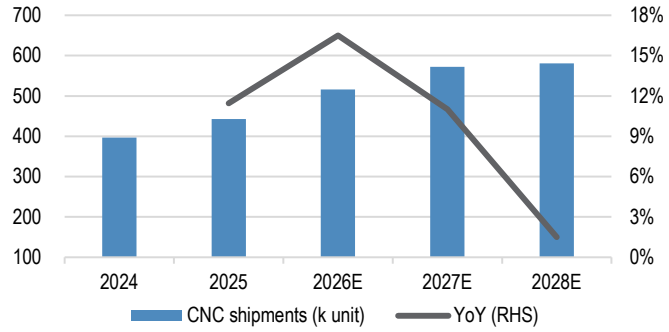
Investment Thesis

1. Continued share gains in China's CNC controller market

We see continued market share gains in China's CNC controller market as a key growth driver for Syntec. The current DRAM and component shortages have created an opportunity for Syntec to win orders from global peers by offering much shorter lead times (c.30 days vs. >90 days for certain peers), supported by proactive component procurement since 4Q25. Based on our unit shipment estimates, FANUC and Syntec each held c.20-25% market share in FY25, followed by Siemens and Mitsubishi Electric at c.10-15%. We forecast Syntec's share will rise from 23% in FY25 to 26.5% in FY26E, with management targeting 33% by 2030E and expecting controller revenue growth to outpace the industry by 10-15ppt annually.

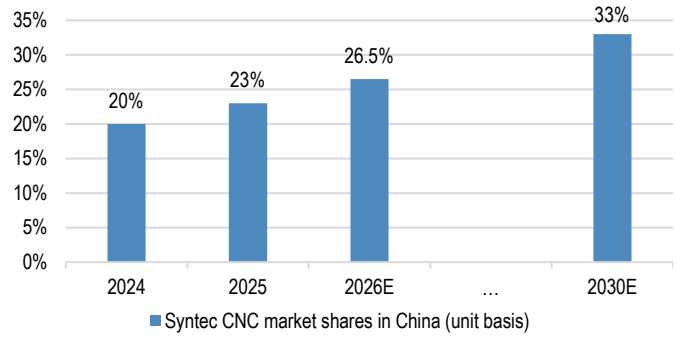
We believe Syntec can retain these gains beyond the current supply shortage, supported by competitive price-performance (pricing c.20% below global peers), an open-platform architecture that allows customization/integration, and strong local service coverage. Switching costs are also high once a CNC controller is qualified and integrated into a machine's core control system. Compared with local peers, GSK is more focused on the lower end segment, whereas Syntec is better positioned in mid-to-high-end applications; meanwhile, HCNC's weaker service capabilities may also limit its ability to compete with Syntec.

Figure 70: China CNC industry shipments and YoY growth



Source: MIR databank, J.P. Morgan estimates.

Figure 71: Syntec's CNC market shares in China



Source: Company data, J.P. Morgan estimates.

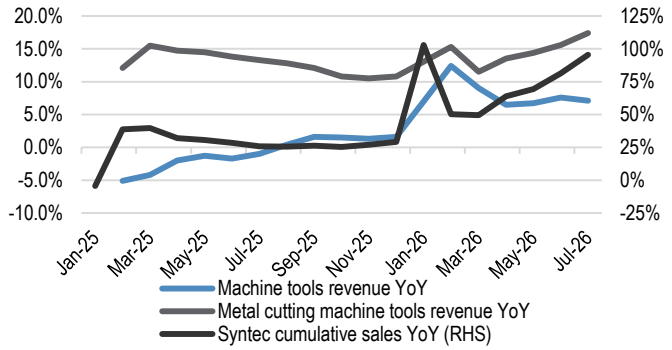
2. Product mix upgrades and rising turnkey adoption lift ASPs and content per machine

Syntec's revenue is closely linked to China's metal-cutting machine tools market (industry revenue +19% YoY in 8M26), but we see incremental upside from a mix upgrade that is allowing revenue to outgrow underlying unit volumes. Sales are shifting toward higher-value applications such as multi-axis turning/milling machines, machining centers and five-axis systems, where system specifications and value-added content are typically higher. Within these segments, Syntec's share in turning/milling machines and machining centers is likely to be c.50%, in our view, supported by close customer engagement and fast product iteration that keeps pace with evolving application needs. AI-related solutions are also contributing, with liquid-cooling applications rising from <5% of revenue in 1Q26 to c.8% in 1H26, supporting both ASP and margin mix.

Amanda Chang AC
(886-2) 2725-9861
amanda.chang@jpmorgan.com

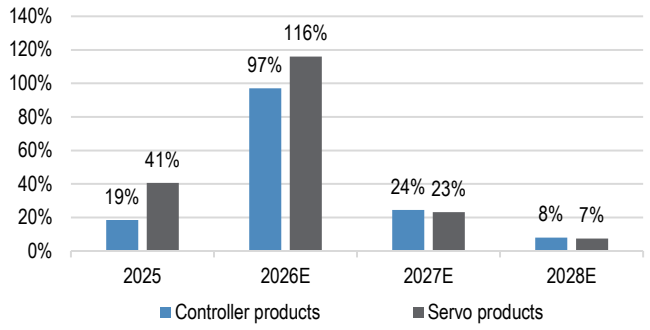
At the same time, rising turnkey adoption should structurally lift content per machine and deepen customer engagement. With c.90% of controllers sold alongside servos, Syntec is increasingly selling an integrated control-and-servo package rather than a standalone controller, which should improve solution attach rates over time. Moreover, the company's VIP program provides an additional lever to accelerate this trend by deepening penetration within key accounts and pulling through higher value-added products and integrated solutions. These mix and content tailwinds underpin our forecasts of 97%/24% YoY controller revenue growth and 116%/23% YoY servo revenue growth in FY26/27E.

Figure 72: Cumulative revenue growth of China machine tools vs. Syntec



Source: CMTBA, Company report.

Figure 73: Syntec's revenue growth by controller and servo products



Source: Company data, J.P. Morgan estimates.

3. Robotics and smart manufacturing as a second growth engine

Syntec is expanding beyond CNC controllers into factory automation solutions through Leantec's robotic arms/cloud services and Jumbo's laser/automation system integration. This broader offering allows Syntec to address automation needs from individual machine tools to entire production lines, creating cross-selling opportunities to capture more spending per customer. Management targets 2x growth in both robotic-arm and cloud revenue in FY26E, with 1H26 robotic-arm sales on track to reach 1-1.2k units.

Moreover, partnerships further extend Syntec's robotics offering. Its April 2026 MOU with Huayan Robotics (1021 HK, NC) combines Huayan's robotic-arm manufacturing capabilities with Syntec's control technologies to develop CNC and cobot solutions (link), targeting over 10k cobot shipments in FY26-28E. Syntec also collaborates with Rokae Robotics Group (3752 HK, NC) on industrial robots. While smart manufacturing accounted for only 3% of FY25 revenue, we forecast a 56% CAGR in FY25-28E, making it an additional growth contributor over time.

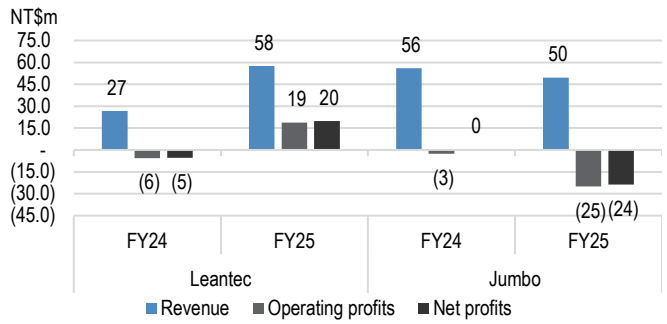
Table 38: Overview of Syntec's robotics solutions

Solutions	Details
One machine, one robotic-arm	Leantec's robotic arms work directly with Syntec-controlled CNC machines on tasks such as material handling. They can also transmit equipment data to a central control platform, enabling centralized monitoring and management.
Pick-and-place machines	For equipment that is not suitable for direct robotic-arm integration, Leantec offers smart units, such as mobile/AMR-based solutions, to help pick-and-place and support the automation across different types of machines.
Robot cell to onsite factory integration	Leantec's robot-cell control platform connects machines, robots, material handling and warehouse systems with MES/ERP systems, while the SynFactory platform extends this integration to factory-wide IIoT data collection and equipment management.

Source: Company data, J.P. Morgan.

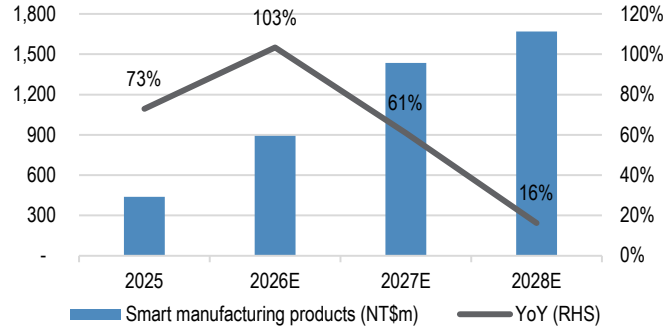
Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

Figure 74: Operating results of Leantec and Jumbo in FY24-25



Source: Company reports.

Figure 75: Syntec's smart manufacturing revenue and YoY growth



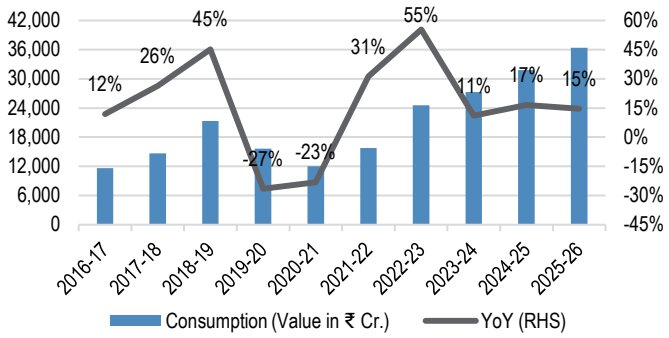
Source: Company data, J.P. Morgan estimates.

4. Overseas expansion to diversify footprint and strengthen supply chain resilience

We view Syntec's overseas expansion as a strategic move to diversify its China-centric business and build an additional growth curve. Malaysia's SIST is central to this strategy, serving as the company's overseas operations hub and the group's third manufacturing base, with completion targeted in 1Q27. Initial operations will focus on assembly of CNC controllers, while it has already secured a Certificate of Origin (COO) for shipments to India, which should lower the company's tariff burden and enhance supply flexibility.

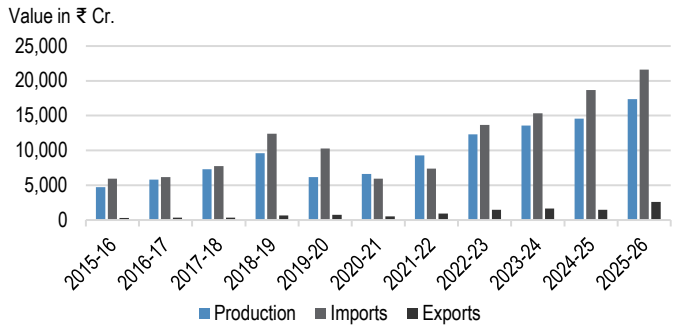
India represents a meaningful long-term growth opportunity. Despite being the world's fifth-largest machine tools consumption market in 2025, India has limited domestic CNC controller supply, and over 90% of the market is dominated by FANUC, Siemens and Mitsubishi. Geopolitical friction also creates additional barriers for Chinese suppliers, giving Syntec an opportunity to compete through its "Taiwan-Malaysia-India" supply chain. By leveraging its fully direct sales model for deeper customer engagement and cost-performance advantages, the company has secured orders from major Indian machine tool OEMs and is targeting at least 10% market share by 2030E. While China remains the major earnings contributor in the near-term, we expect overseas expansion to gradually become more meaningful, supporting business growth while diversifying Syntec's geographic and supply chain exposure.

Figure 76: Total consumption of machine tools in India



Source: The Indian Machine Tool Manufacturers Association (IMTMA).

Figure 77: Indian machine tool industry continued its upward trend, with production in FY2025-26 increasing by 19%



Source: IMTMA.

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

Investment Risks

1. Share-gain sustainability risk

A key downside risk is that Syntec's recent share gains prove less durable once DRAM/component supply disruptions ease and global competitors normalize lead times and product availability. In that scenario, customers that adopted Syntec mainly for delivery certainty could revert to FANUC/Mitsubishi/Siemens, slowing controller/servo growth, reducing operating leverage, and potentially compressing margins if competition intensifies through pricing or channel incentives. However, we believe Syntec's competitive pricing, platform flexibility and local support should help sustain retention as supply conditions normalize. We would monitor for evidence of deeper account penetration, including repeat orders, broader model qualification, and a rising controller-servo attach rate, which would signal Syntec is becoming embedded in customers' production workflows rather than winning one-off substitution orders.

2. Component cost inflation and supply constraints

Syntec's CNC controllers use DRAM, ICs and other electronic components, leaving margins exposed to rising component costs amid broader supply constraints. This was evident in 2Q26, when gross margin declined to 44.1% (-4.7ppt QoQ) as the company turned to spot-market purchases to secure component supply. Over the longer-term, management is building a dual-source strategy and maintaining safety stock to strengthen supply resilience, while signing supply contracts to ensure component availability and improve cost visibility. We therefore view the margin pressure to remain manageable, with gross margin broadly maintained within the company's 45%±2% target range.

3. China revenue concentration and cyclicality

Syntec derives over 90% of its revenue from China, leaving its earnings highly sensitive to Chinese industrial capex and machine tools demand. The concentration risk, for example, is evident in end-markets such as woodworking equipment, where demand is closely related to the China property cycle, leading to a sales trough before the recent recovery. To diversify its revenue base, management is expanding its overseas footprint across countries such as Turkey, Malaysia and India. Turkey has delivered a relatively stable performance as a base serving Europe, while Malaysia has remained resilient and could provide incremental capacity to support India following the completion of its new facility in 1Q27. In India, Syntec is leveraging its 100% direct-sales model and competitive pricing to win orders from leading machine tool customers. We see the overseas expansion as a way to gradually reduce China concentration and earnings volatility over time.

4. Higher-than-expected opex

FY26 marks the first year of Syntec's new five-year plan, with continued R&D investment in AI and smart-factory/automation features, along with overseas expansion potentially driving higher-than-expected opex growth. The opex growth in 1H26 has reached 30% YoY, above the 14-27% YoY in FY23-25, highlighting the upfront investment required to support the company's new growth initiatives. Nevertheless, we believe this risk is manageable given the solid revenue outlook, with top-line growth already reaching 104% YoY in 9M26 and cost-income ratio down to 18% in 1H26 (vs. 26-31% in FY23-25). We forecast a cost-income ratio of 17%/16% in FY26/27E respectively, as the revenue growth should continue to outpace opex growth and support favorable operating leverage as the business scales.

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

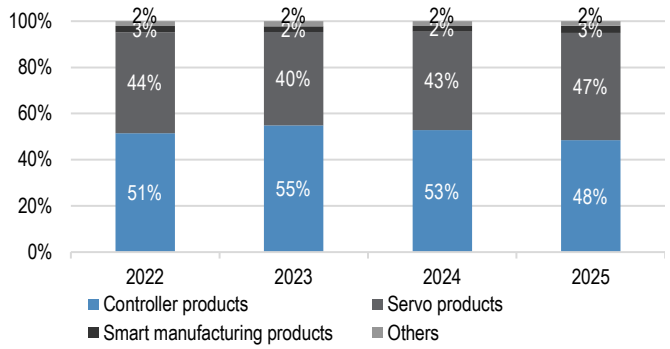
Company Background

Company Overview

Founded in 1995, Syntec was listed on the Emerging Board in Jun 2024 and transferred to the TWSE in Sep 2025. The company provides industrial automation and smart manufacturing solutions, specializing in CNC controllers (48% of FY25 revenues) and servo products (47%). Syntec generates c.95% of its revenues from China, supported by 24 local branch offices, while it continues to expand overseas in countries such as Malaysia and India, etc. Its manufacturing bases are mainly located in Taiwan (Hsinchu), China (Suzhou) and Malaysia, with Suzhou equipped with the largest production capacity.

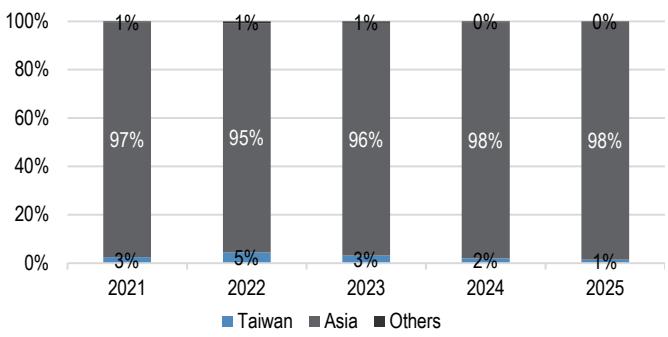
Syntec also operates two wholly owned Taiwan subsidiaries that support its smart automation roadmap: 1) **Leantec,** focused on robotics (e.g. robotic arms), automation and cloud solutions; and 2) **Jumbo**, which operates in laser applications (e.g. engraving, welding, cutting) and is expanding into semiconductor-related services such as wafer film removal. Jumbo also serves as a system integrator for smart factory implementations for EMS customers.

Figure 78: Revenue breakdown by product - Syntec



Source: Company reports.

Figure 79: Revenue breakdown by region - Syntec



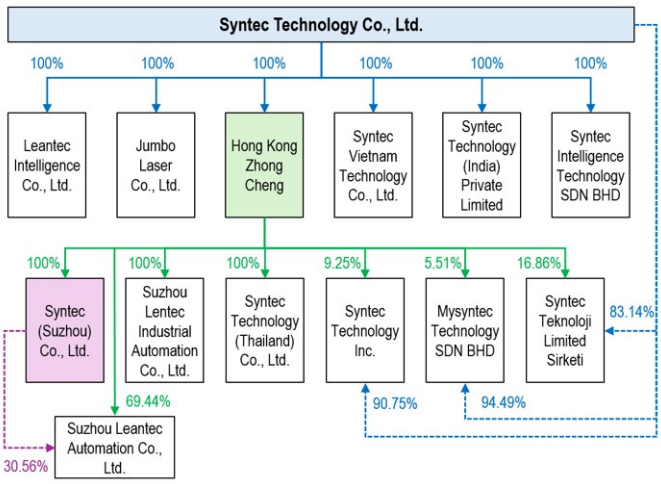
Source: Company reports.

Table 39: Global manufacturing bases and sales branches - Syntec

Location	Note
China	Suzhou (2 factories); 24 branch offices
Taiwan	Hsinchu (headquarter and factories); Taichung (Leantech); Tainan (Jumbo)
Malaysia	Machinery and equipment sales; manufacturing (new factory in 1Q27)
India	Machinery and equipment sales; new office planned for 2027
Thailand / Vietnam / Turkey / U.S.	Machinery and equipment sales

Source: Company data, J.P. Morgan.

Figure 80: Organization chart - Syntec



Source: Company reports, J.P. Morgan. Note : data as of Dec 31, 2025.

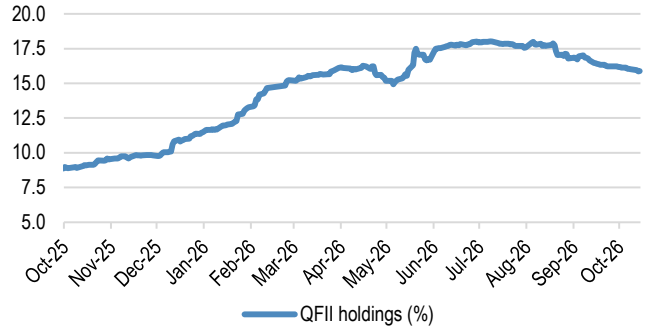
Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

Table 40: Major shareholder list - Syntec

Shareholder	Holding %
Tsai, You-Kung	9.08
Huang, Wei-Sheng	5.72
RealHunt Ltd.	5.00
Songbao Engineering Consulting Co., Ltd.	4.31
Chen, Heng-Jen	4.10
Tsai, Pei-Hsin	3.99
Tsai, Chang-Wei	3.93
Huang, Fang-Chih	3.91
RealCrown Ltd.	3.25
Tsai, Hui-Chen	3.08

Source: Company reports. Note: data as of April 6, 2026.

Figure 81: QFII holding - Syntec



Source: TEJ.

Controller & Servo Overview

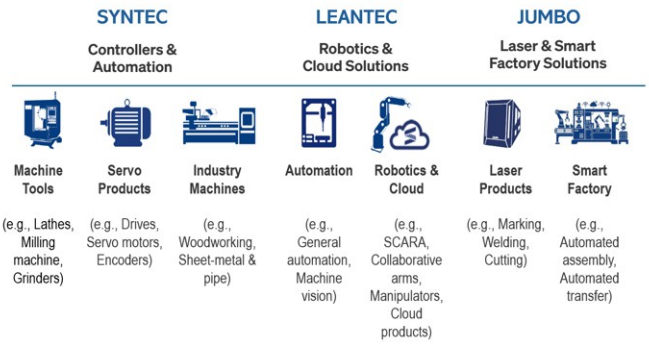
Controllers and servo systems are key components of automated machinery, working together to control how a machine moves and operates. Syntec's two core product lines are: **(1) Controllers,** which act as the "brain" of the machine by interpreting instructions and coordinating its movements; and **(2) Servos,** which mainly include servo motors, drives and encoders, acting as the "muscle" by controlling the speed, position and force of each movement. Syntec's solutions are mainly used in machine tools, with growing applications in semiconductor equipment, electronics, robotics and other industrial automation.

Figure 82: Controller and servo products - Syntec



Source: Company data.

Figure 83: Group product line overview - Syntec



Source: Company data, J.P. Morgan.

Financial Analysis

Revenue & Profitability

- We forecast revenue to increase from NT$14bn in FY25 to NT$38.8bn in FY28E, representing a 41% CAGR.
- We forecast gross margin to remain relatively stable at 45.7% in FY26E vs. 45.8% in FY25, before slightly declining to 45.6% in FY28E.
- We estimate opex to increase from NT$3.6bn in FY25 to NT$6.0bn in FY28E, while the cost-income ratio improves from 25.5% to 15.5%, under decent revenue growth and better operating leverage.
- We project EPS of NT$93.6/119.1/129.0 in FY26/27/28E, up 167%/27%/8% YoY respectively, with ROE registering at 37-46% over FY26-28E.

Balance Sheet & Cash Flow

- We expect the company to maintain a net cash position throughout the forecast period, with operating cash flow remaining positive and sustainable.
- We forecast capex of NT$0.7bn in FY26E, normalizing to NT$0.2bn in FY28E (representing 1-3% of revenues) as most new plants/offices in Suzhou, Malaysia and India are gradually completed.
- We also expect Syntec's dividend payout ratio to stay at 50% in FY26E, implying a cash DPS of NT$45.5.

Amanda Chang AC
(886-2) 2725-9861
amanda.chang@jpmorgan.com

Table 41: Income statement summary - Syntec

Income statement (NT$m)	2024	2025	2026E	2027E	2028E
Revenues	**10,808**	**13,960**	**28,781**	**35,883**	**38,807**
Cost of goods sold	(6,068)	(7,573)	(15,618)	(19,418)	(21,128)
Gross profit	**4,739**	**6,387**	**13,163**	**16,464**	**17,679**
SG&A expenses	(1,818)	(2,091)	(2,801)	(3,318)	(3,558)
R&D expenses	(1,275)	(1,474)	(2,114)	(2,360)	(2,450)
Operating profit	**1,646**	**2,822**	**8,248**	**10,787**	**11,671**
EBITDA	**1,842**	**3,026**	**8,463**	**11,065**	**11,971**
Non-operating income / loss	119	154	291	73	92
Profit before Tax	**1,764**	**2,976**	**8,539**	**10,859**	**11,763**
Income tax	(392)	(693)	(2,003)	(2,545)	(2,756)
Minority interest	0	0	0	0	0
Attributable Net Income	**1,373**	**2,283**	**6,536**	**8,315**	**9,008**
EPS (basic, NT$)	22.3	35.1	93.6	119.1	129.0
DPS (cash only, NT$)	11.0	16.0	45.5	57.9	62.7

Source: Company reports, J.P. Morgan estimates.

Table 42: Balance sheet summary - Syntec

Balance Sheet (NT$m)	2024	2025	2026E	2027E	2028E
Cash and cash equivalents	1,873	7,707	9,474	10,573	14,087
Marketable Securities	0	0	0	0	0
Accounts/Notes receivable	4,405	5,945	11,444	15,223	16,084
Inventories	1,311	1,369	2,663	3,452	4,019
Total current assets	**7,677**	**15,136**	**24,094**	**29,762**	**34,704**
LT investments	158	288	461	468	476
Net fixed assets	983	1,602	2,195	2,517	2,457
Goodwill	0	0	0	0	0
Total assets	**9,432**	**17,660**	**27,431**	**33,428**	**38,319**
Short-term debts	10	26	54	54	54
Accounts/Notes payable	2,019	3,059	6,120	7,071	7,111
CPLTD	71	25	32	32	32
Total current liabilities	3,394	4,974	8,749	9,699	9,739
LT Debt & ECB	264	127	108	108	108
Total liabilities	**4,529**	**6,287**	**10,419**	**11,370**	**11,410**
Common stocks	655	718	718	718	718
Reserves	1,372	6,270	6,497	6,497	6,497
Retained earnings	2,968	4,395	9,555	14,601	19,451
Total equity	**4,903**	**11,373**	**17,012**	**22,058**	**26,909**

Source: Company reports, J.P. Morgan estimates.

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

J.P.Morgan

Table 43: Cash flow statement summary - Syntec

Cash Flow Statement (NT$m)	2024	2025	2026E	2027E	2028E
Net Income	1,373	2,283	6,536	8,315	9,008
Depreciation & amortization	196	204	214	278	299
Change in receivables	(1,048)	(1,553)	(5,542)	(3,779)	(862)
Change in inventories	(53)	(58)	(1,294)	(789)	(567)
Change in payables	712	1,487	3,297	950	40
Other adjustments	214	404	299	(7)	(8)
Cash flow from operations	**1,394**	**2,768**	**3,511**	**4,968**	**7,911**
Purchase/Sale of investments	7	4	3	0	0
CAPEX	(172)	(737)	(735)	(600)	(240)
Other adjustments	(40)	(110)	(92)	0	0
Cash flow from investing	**(205)**	**(843)**	**(825)**	**(600)**	**(240)**
Free cash flow	1,222	2,031	2,775	4,368	7,671
Equity raised (buyback)	525	4,791	0	0	0
Debt/Bond issued (repaid)	(669)	(165)	15	0	0
Dividends paid	(360)	(720)	(1,148)	(3,268)	(4,157)
Other adjustments	113	(62)	(29)	0	0
Cash flow from financing	**(391)**	**3,843**	**(1,162)**	**(3,268)**	**(4,157)**
Beginning cash	982	1,873	7,707	9,474	10,573
Net change in cash	891	5,834	1,767	1,099	3,513
Ending cash	1,873	7,707	9,474	10,573	14,087

Source: Company reports, J.P. Morgan estimates.

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

J.P.Morgan

Table 44: Quarterly financial summary - Syntec

	2026E				2027E				2028E							
NT$mn, year-end Dec	**1Q**	**2Q**	**3QE**	**4QE**	**1QE**	**2QE**	**3QE**	**4QE**	**1QE**	**2QE**	**3QE**	**4QE**	**2025**	**2026E**	**2027E**	**2028E**
Revenues	**4,865**	**8,260**	**7,805**	**7,851**	**7,390**	**10,497**	**8,609**	**9,386**	**7,867**	**11,186**	**9,418**	**10,336**	**13,960**	**28,781**	**35,883**	**38,807**
Cost of goods sold	(2,492)	(4,618)	(4,245)	(4,263)	(4,007)	(5,640)	(4,691)	(5,080)	(4,287)	(6,041)	(5,158)	(5,642)	(7,573)	(15,618)	(19,418)	(21,128)
Gross profit	**2,372**	**3,642**	**3,561**	**3,588**	**3,383**	**4,857**	**3,919**	**4,305**	**3,580**	**5,145**	**4,261**	**4,694**	**6,387**	**13,163**	**16,464**	**17,679**
SG&A expenses	(624)	(729)	(734)	(714)	(665)	(945)	(835)	(873)	(708)	(984)	(904)	(961)	(2,091)	(2,801)	(3,318)	(3,558)
R&D expenses	(495)	(524)	(546)	(550)	(517)	(630)	(603)	(610)	(527)	(649)	(640)	(634)	(1,474)	(2,114)	(2,360)	(2,450)
Operating profit	**1,254**	**2,389**	**2,281**	**2,324**	**2,201**	**3,282**	**2,481**	**2,822**	**2,345**	**3,511**	**2,716**	**3,099**	**2,822**	**8,248**	**10,787**	**11,671**
Profit before Tax	**1,395**	**2,513**	**2,295**	**2,337**	**2,220**	**3,304**	**2,497**	**2,839**	**2,366**	**3,538**	**2,737**	**3,122**	**2,976**	**8,539**	**10,859**	**11,763**
Income tax	(321)	(618)	(562)	(502)	(510)	(812)	(612)	(610)	(544)	(870)	(670)	(671)	(693)	(2,003)	(2,545)	(2,756)
Net income	**1,074**	**1,895**	**1,732**	**1,834**	**1,709**	**2,492**	**1,885**	**2,229**	**1,822**	**2,668**	**2,066**	**2,451**	**2,283**	**6,536**	**8,315**	**9,008**
EPS (basic, NT$)	15.4	27.1	24.8	26.3	24.5	35.7	27.0	31.9	26.1	38.2	29.6	35.1	35.1	93.6	119.1	129.0
Margins & Ratio																
Gross margin	48.8%	44.1%	45.6%	45.7%	45.8%	46.3%	45.5%	45.9%	45.5%	46.0%	45.2%	45.4%	45.8%	45.7%	45.9%	45.6%
Operating margin	25.8%	28.9%	29.2%	29.6%	29.8%	31.3%	28.8%	30.1%	29.8%	31.4%	28.8%	30.0%	20.2%	28.7%	30.1%	30.1%
Net margin	22.1%	22.9%	22.2%	23.4%	23.1%	23.7%	21.9%	23.7%	23.2%	23.9%	21.9%	23.7%	16.4%	22.7%	23.2%	23.2%
Cost to income ratio	23.0%	15.2%	16.4%	16.1%	16.0%	15.0%	16.7%	15.8%	15.7%	14.6%	16.4%	15.4%	25.5%	17.1%	15.8%	15.5%
YoY Growth (%)																
Revenues	49%	107%	158%	112%	52%	27%	10%	20%	6%	7%	9%	10%	29%	106%	25%	8%
Gross profit	63%	92%	164%	112%	43%	33%	10%	20%	6%	6%	9%	9%	35%	106%	25%	7%
Operating profit	121%	152%	440%	163%	75%	37%	9%	21%	7%	7%	9%	10%	71%	192%	31%	8%
Net income	123%	217%	375%	119%	59%	31%	9%	21%	7%	7%	10%	10%	66%	186%	27%	8%
EPS	100%	185%	339%	104%	59%	31%	9%	21%	7%	7%	10%	10%	57%	167%	27%	8%
QoQ Growth (%)																
Revenues	32%	70%	-6%	1%	-6%	42%	-18%	9%	-16%	42%	-16%	10%				
Gross profit	40%	54%	-2%	1%	-6%	44%	-19%	10%	-17%	44%	-17%	10%				
Operating profit	42%	91%	-5%	2%	-5%	49%	-24%	14%	-17%	50%	-23%	14%				
Net income	28%	76%	-9%	6%	-7%	46%	-24%	18%	-18%	46%	-23%	19%				
EPS	19%	76%	-9%	6%	-7%	46%	-24%	18%	-18%	46%	-23%	19%				

Source: Company reports, J.P. Morgan estimates.

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

J.P.Morgan

Investment Thesis, Valuation and Risks

Syntec *(Overweight; Price Target: NT$2,580.00)*

Investment Thesis
We rate Syntec OW as we expect continued share gains in China's CNC controller market and product mix upgrades toward higher-value applications to support above-industry growth. Together with emerging robotics/cloud opportunities, these drivers underpin our forecast of a 54% FY25-28E EPS CAGR, while valuation remains undemanding at 15x FY27E P/E despite strong performance YTD.

Valuation
Our Dec-27 PT of NT$2,580 is based on 20x 12M forward EPS. The target multiple is above Syntec's average forward P/E since listing on TWSE, which we view as appropriate given its structurally higher growth and improving earnings trajectory vs. its own history.

Risks to Rating and Price Target
Key risks include: 1) share gains failing to materialize or persist after memory/component supply disruptions ease; 2) margin pressure from component cost inflation or supply constraints; 3) China revenue concentration and cyclicality; and 4) higher-than-expected opex.

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

J.P.Morgan

Syntec: Summary of Financials

Income Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**10,808**	**13,960**	**28,781**	**35,883**	**38,807**
COGS	(6,068)	(7,573)	(15,618)	(19,418)	(21,128)
Gross profit	**4,739**	**6,387**	**13,163**	**16,464**	**17,679**
SG&A	(1,818)	(2,091)	(2,801)	(3,318)	(3,558)
Adj. EBITDA	**1,842**	**3,026**	**8,463**	**11,065**	**11,971**
D&A	(196)	(204)	(214)	(278)	(299)
Adj. EBIT	**1,646**	**2,822**	**8,248**	**10,787**	**11,671**
Net Interest	(9)	16	67	65	84
Adj. PBT	**1,764**	**2,976**	**8,539**	**10,859**	**11,763**
Tax	(392)	(693)	(2,003)	(2,545)	(2,756)
Minority Interest	0	0	0	0	0
Adj. Net Income	**1,373**	**2,283**	**6,536**	**8,315**	**9,008**
Reported EPS	21.25	33.83	91.09	115.87	125.52
Adj. EPS	**21.25**	**33.83**	**91.09**	**115.87**	**125.52**
DPS	**10.99**	**15.98**	**45.49**	**57.87**	**62.69**
Payout ratio	51.7%	47.2%	49.9%	49.9%	49.9%
Shares outstanding	65	67	72	72	72

Balance Sheet	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	1,873	7,707	9,474	10,573	14,087
Accounts receivable	4,405	5,945	11,444	15,223	16,084
Inventories	1,311	1,369	2,663	3,452	4,019
Other current assets	5,804	7,428	14,620	19,188	20,617
Current assets	**7,677**	**15,136**	**24,094**	**29,762**	**34,704**
PP&E	983	1,602	2,195	2,517	2,457
LT investments	158	288	461	468	476
Other non current assets	753	901	1,120	1,128	1,135
Total assets	**9,432**	**17,660**	**27,431**	**33,428**	**38,319**
Short term borrowings	10	26	54	54	54
Payables	2,019	3,059	6,120	7,071	7,111
Other short term liabilities	1,366	1,889	2,574	2,574	2,574
Current liabilities	**3,394**	**4,974**	**8,749**	**9,699**	**9,739**
Long-term debt	264	127	108	108	108
Other long term liabilities	1,059	1,248	1,608	1,608	1,608
Total liabilities	**4,529**	**6,287**	**10,419**	**11,370**	**11,410**
Shareholders' equity	4,903	11,373	17,012	22,058	26,909
Minority interests	0	0	0	0	0
Total liabilities & equity	**9,432**	**17,660**	**27,431**	**33,428**	**38,319**
BVPS	**74.83**	**158.30**	**236.80**	**307.04**	**374.55**
y/y Growth	*44.5%*	*111.6%*	*49.6%*	*29.7%*	*22.0%*
Net debt/(cash)	(1,600)	(7,554)	(9,312)	(10,411)	(13,925)

Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operating activities	**1,394**	**2,768**	**3,511**	**4,968**	**7,911**
o/w Depreciation & amortization	196	204	214	278	299
o/w Changes in working capital	(397)	(128)	(3,786)	(3,618)	(1,389)
Cash flow from investing activities	**(205)**	**(843)**	**(825)**	**(600)**	**(240)**
o/w Capital expenditure	(172)	(737)	(735)	(600)	(240)
as % of sales	*1.6%*	*5.3%*	*2.6%*	*1.7%*	*0.6%*
Cash flow from financing activities	**(391)**	**3,843**	**(1,162)**	**(3,268)**	**(4,157)**
o/w Dividends paid	(360)	(720)	(1,148)	(3,268)	(4,157)
o/w Shares issued/(repurchased)	525	4,791	0	0	0
o/w Net debt issued/(repaid)	(669)	(165)	15	0	0
Net change in cash	**891**	**5,834**	**1,767**	**1,099**	**3,513**
Adj. Free cash flow to firm	**1,222**	**2,031**	**2,775**	**4,368**	**7,671**
y/y Growth	*12.3%*	*66.2%*	*36.7%*	*57.4%*	*75.6%*

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	43.9%	45.8%	45.7%	45.9%	45.6%
EBITDA margin	17.0%	21.7%	29.4%	30.8%	30.8%
EBIT margin	15.2%	20.2%	28.7%	30.1%	30.1%
Net profit margin	12.7%	16.4%	22.7%	23.2%	23.2%
ROE	34.3%	28.1%	46.1%	42.6%	36.8%
ROA	16.4%	16.9%	29.0%	27.3%	25.1%
ROCE	27.8%	25.9%	44.0%	41.9%	36.3%
SG&A/Sales	16.8%	15.0%	9.7%	9.2%	9.2%
Net debt/Equity	NM	NM	NM	NM	NM
Net debt/EBITDA	NM	NM	NM	NM	NM
Sales/Assets (x)	1.3	1.0	1.3	1.2	1.1
Assets/Equity (x)	2.1	1.7	1.6	1.6	1.5
Interest cover (x)	209.1	NM	NM	NM	NM
Operating leverage	288.7%	245.0%	181.1%	124.7%	100.7%
Tax rate	22.2%	23.3%	23.5%	23.4%	23.4%
Revenue y/y Growth	37.3%	29.2%	106.2%	24.7%	8.1%
EBITDA y/y Growth	86.3%	64.3%	179.6%	30.7%	8.2%
EPS y/y Growth	104.3%	59.2%	169.3%	27.2%	8.3%

Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
P/E (x)	85.2	53.5	19.9	15.6	14.4
P/BV (x)	24.2	11.4	7.6	5.9	4.8
EV/EBITDA (x)	69.7	40.5	14.3	10.8	9.7
Dividend Yield	0.6%	0.9%	2.5%	3.2%	3.5%

Source: Company reports and J.P. Morgan estimates.
Note: NT$ in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

J.P.Morgan

Analyst Certification: The Research Analyst(s) denoted by an "AC" on the cover of this report certifies (or, where multiple Research Analysts are primarily responsible for this report, the Research Analyst denoted by an "AC" on the cover or within the document individually certifies, with respect to each security or issuer that the Research Analyst covers in this research) that: (1) all of the views expressed in this report accurately reflect the Research Analyst's personal views about any and all of the subject securities or issuers; and (2) no part of any of the Research Analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the Research Analyst(s) in this report. For all Korea-based Research Analysts listed on the front cover, if applicable, they also certify, as per KOFIA requirements, that the Research Analyst's analysis was made in good faith and that the views reflect the Research Analyst's own opinion, without undue influence or intervention.

All authors named within this report are Research Analysts who produce independent research unless otherwise specified. In Europe, Sector Specialists (Sales and Trading) may be shown on this report as contacts but are not authors of the report or part of the Research Department.

Important Disclosures

- **Market Maker/ Liquidity Provider:** J.P. Morgan is a market maker and/or liquidity provider in the financial instruments of/related to AirTAC, Hiwin, Syntec or related entities.
- **Client:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients: AirTAC, Hiwin or related entities.
- **Client/Non-Investment Banking, Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients, and the services provided were non-investment-banking, securities-related: AirTAC, Hiwin or related entities.
- **Non-Investment Banking Compensation Received:** J.P. Morgan has received compensation in the past 12 months for products or services other than investment banking from AirTAC, Hiwin or related entities.
- **Debt Position:** J.P. Morgan may hold a position in the debt securities of AirTAC, Hiwin, Syntec or related entities, if any.

Company-Specific Disclosures: J.P. Morgan does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. Important disclosures, including price charts and credit opinion history tables (if applicable), are available for compendium reports and all J.P. Morgan–covered companies, and certain non-covered companies, by visiting https://www.jpmm.com/research/disclosures, calling 1-800-477-0406, or e-mailing research.disclosure.inquiries@jpmorgan.com with your request.



Date	Rating	Price (NT$)	Price Target (NT$)
01-Feb-24	N	940.00	1,085
14-Oct-24	N	923.00	1,000
05-Feb-25	OW	862.00	1,250
29-Apr-25	OW	822.00	1,075
31-Jul-25	OW	866.00	1,000
30-Oct-25	OW	900.00	1,150
29-Jan-26	OW	1025.00	1,350

Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Mar 11, 2011. All share prices are as of market close on the previous business day.

Amanda Chang [AC]
(886-2) 2725-9861
amanda.chang@jpmorgan.com

Hiwin (2049.TW, 2049 TT) Price Chart



Date	Rating	Price (NT$)	Price Target (NT$)
10-Nov-23	N	207.50	200
10-May-24	UW	236.00	160
14-Aug-24	UW	206.50	155
09-May-25	UW	204.50	145
29-Jan-26	UW	259.50	140
02-Mar-26	UW	230.00	160

Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Mar 11, 2011. All share prices are as of market close on the previous business day.

The chart(s) show J.P. Morgan's continuing coverage of the stocks; the current analysts may or may not have covered it over the entire period.
J.P. Morgan ratings or designations: OW = Overweight, N= Neutral, UW = Underweight, NR = Not Rated

Explanation of Equity Research Ratings, Designations and Analyst(s) Coverage Universe:
J.P. Morgan uses the following rating system: Overweight (over the duration of the price target indicated in this report, we expect this stock will outperform the average total return of the stocks in the Research Analyst's, or the Research Analyst's team's, coverage universe); Neutral (over the duration of the price target indicated in this report, we expect this stock will perform in line with the average total return of the stocks in the Research Analyst's, or the Research Analyst's team's, coverage universe); and Underweight (over the duration of the price target indicated in this report, we expect this stock will underperform the average total return of the stocks in the Research Analyst's, or the Research Analyst's team's, coverage universe. NR is Not Rated. In this case, J.P. Morgan has removed the rating and, if applicable, the price target, for this stock because of either a lack of a sufficient fundamental basis or for legal, regulatory or policy reasons. The previous rating and, if applicable, the price target, no longer should be relied upon. An NR designation is not a recommendation or a rating. Some stocks under coverage have a rating but no price target; in these cases, we expect the stock will outperform/perform in line/underperform the average total return of the stocks in the Research Analyst's, or the Research Analyst's team's, coverage universe of the relevant duration of the region. In our Asia (ex-Australia and ex-India) and U.K. small- and mid-cap Equity Research, each stock's expected total return is compared to the expected total return of a benchmark country market index, not to those Research Analysts' coverage universe. If it does not appear in the Important Disclosures section of this report, the certifying Research Analyst's coverage universe can be found on J.P. Morgan's Research website, https://www.jpmorganmarkets.com.

Coverage Universe: Chang, Amanda : BizLink (3665.TW), LINE Pay Taiwan Limited (7722.TW)

J.P. Morgan Equity Research Ratings Distribution, as of October 03, 2026

	Overweight (buy)	Neutral (hold)	Underweight (sell)
J.P. Morgan Global Equity Research Coverage*	53%	35%	12%
IB clients**	83%	81%	72%
JPMS Equity Research Coverage*	51%	37%	12%
IB clients**	95%	93%	88%

***Please note that the percentages may not add to 100% because of rounding.**
****Percentage of subject companies within each of the "buy," "hold" and "sell" categories for which J.P. Morgan has provided investment banking services within the previous 12 months.**
For purposes of FINRA ratings distribution rules only, our Overweight rating falls into a buy rating category; our Neutral rating falls into a hold rating category; and our Underweight rating falls into a sell rating category. Please note that stocks with an NR designation are not included in the table above. This information is current as of the end of the most recent calendar quarter.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at http://www.jpmorganmarkets.com, contact the primary analyst or your J.P. Morgan representative, or email research.disclosure.inquiries@jpmorgan.com. For material information about the proprietary models used, please see the Summary of Financials in company-specific research reports and the Company Tearsheets, which are available to download on the company pages of our client website, http://www.jpmorganmarkets.com. This report also sets out within it the material underlying assumptions used.

History of Investment Recommendations:
A history of J.P. Morgan investment recommendations disseminated during the preceding 12 months can be accessed on the Research & Commentary page of http://www.jpmorganmarkets.com where you can also search by analyst name, sector or financial instrument.

Analysts' Compensation: The research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues.

Registration of non-US Analysts: Unless otherwise noted, the non-US analysts listed on the front of this report are employees of non-US affiliates of J.P. Morgan Securities LLC, may not be registered as research analysts under FINRA rules, may not be associated persons of J.P. Morgan Securities LLC, and may not be subject to FINRA Rule 2241 or 2242 restrictions on communications with covered companies, public appearances, and trading securities held by a research analyst account.

Other Disclosures

J.P. Morgan is a marketing name for investment banking businesses of JPMorgan Chase & Co. and its subsidiaries and affiliates worldwide.

UK MIFID FICC research unbundling exemption: UK clients should refer to UK MIFID Research Unbundling exemption for details of J.P. Morgan's implementation of the FICC research exemption and guidance on relevant FICC research categorisation.

All research material made available to clients are simultaneously available on our client website, J.P. Morgan Markets, unless specifically permitted by relevant laws. Not all research content is redistributed, e-mailed or made available to third-party aggregators. For all research material available on a particular stock, please contact your sales representative.

Any long form nomenclature for references to China; Hong Kong; Taiwan; and Macau within this research material are Mainland China; Hong Kong SAR (China); Taiwan (China); and Macau SAR (China).

J.P. Morgan Research may, from time to time, write on issuers or securities targeted by economic or financial sanctions imposed or administered by the governmental authorities of the U.S., EU, UK or other relevant jurisdictions (Sanctioned Securities). Nothing in this report is intended to be read or construed as encouraging, facilitating, promoting or otherwise approving investment or dealing in such Sanctioned Securities. Clients should be aware of their own legal and compliance obligations when making investment decisions.

Digital assets, which may also be referred to as virtual or crypto assets or crypto currencies (e.g. bitcoin), discussed in this research report are subject to a rapidly changing regulatory landscape. The application of relevant laws in respect of such assets may be unsettled, and the legality of any digital asset investment may be unclear. Prior to making any investment decision regarding any digital asset, investors should seek their own legal advice and be aware of any legal considerations regarding the purchase, holding or selling of such an investment. For relevant regulatory advisories on digital assets, including bitcoin and ethereum, please see https://www.jpmorgan.com/disclosures/cryptoasset-disclosure.

The author(s) of this research report may not be licensed to carry on regulated activities in your jurisdiction and, if not licensed, do not hold themselves out as being able to do so.

Exchange-Traded Funds (ETFs): J.P. Morgan Securities LLC ("JPMS") acts as authorized participant for substantially all U.S.-listed ETFs. To the extent that any ETFs are mentioned in this report, JPMS may earn commissions and transaction-based compensation in connection with the distribution of those ETF shares and may earn fees for performing other trade-related services, such as securities lending to short sellers of the ETF shares. JPMS may also perform services for the ETFs themselves, including acting as a broker or dealer to the ETFs. In addition, affiliates of JPMS may perform services for the ETFs, including trust, custodial, administration, lending, index calculation and/or maintenance and other services.

Options and Futures related research: If the information contained herein regards options- or futures-related research, such information is available only to persons who have received the proper options or futures risk disclosure documents. Please contact your J.P. Morgan Representative or visit https://www.theocc.com/components/docs/riskstoc.pdf for a copy of the Option Clearing Corporation's Characteristics and Risks of Standardized Options or https://www.finra.org/sites/default/files/2020-08/Security_Futures_Risk_Disclosure_Statement_2020.pdf for a copy of the Security Futures Risk Disclosure Statement.

Changes to Interbank Offered Rates (IBORs) and other benchmark rates: Certain interest rate benchmarks are, or may in the future become, subject to ongoing international, national and other regulatory guidance, reform and proposals for reform. For more information, please consult: https://www.jpmorgan.com/global/disclosures/interbank_offered_rates

Private Bank Clients: Where you are receiving research as a client of the private banking businesses offered by JPMorgan Chase & Co. and its subsidiaries ("J.P. Morgan Private Bank"), research is provided to you by J.P. Morgan Private Bank and not by any other division of J.P. Morgan, including, but not limited to, the J.P. Morgan Corporate and Investment Bank and its Global Research division.

Legal entity responsible for the production and distribution of research: The legal entity identified below the name of the Reg AC Research Analyst who authored this material is the legal entity responsible for the production of this research. Where multiple Reg AC Research Analysts authored this material with different legal entities identified below their names, these legal entities are jointly responsible for the production of

this research. Where more than one legal entity is listed under an analyst's name, the first legal entity is responsible for the production unless stated otherwise. Research Analysts from various J.P. Morgan affiliates may have contributed to the production of this material but may not be licensed to carry out regulated activities in your jurisdiction (and do not hold themselves out as being able to do so). Unless otherwise stated below in the legal entity disclosures, this material has been distributed by the legal entity responsible for production, or where more than one legal entity is listed under the analyst's name, the first legal entity will be responsible for distribution. If you have any queries, please contact the relevant Research Analyst in your jurisdiction or the entity in your jurisdiction that has distributed this research material.

Legal Entities Disclosures and Country-/Region-Specific Disclosures:
Argentina: JPMorgan Chase Bank N.A Sucursal Buenos Aires is regulated by Banco Central de la República Argentina ("BCRA"- Central Bank of Argentina) and Comisión Nacional de Valores ("CNV"- Argentinian Securities Commission - ALYC y AN Integral N°51).

Australia: J.P. Morgan Securities Australia Limited ("JPMSAL") (ABN 61 003 245 234/AFS Licence No: 238066) is regulated by the Australian Securities and Investments Commission and is a Market Participant of ASX Limited, a Clearing and Settlement Participant of ASX Clear Pty Limited and a Clearing Participant of ASX Clear (Futures) Pty Limited. This material is issued and distributed in Australia by or on behalf of JPMSAL only to "wholesale clients" (as defined in section 761G of the Corporations Act 2001). A list of all financial products covered can be found by visiting https://www.jpmm.com/research/disclosures. J.P. Morgan seeks to cover companies of relevance to the domestic and international investor base across all Global Industry Classification Standard (GICS) sectors, as well as across a range of market capitalisation sizes. If applicable, in the course of conducting public side due diligence on the subject company(ies), the Research Analyst team may at times perform such diligence through corporate engagements such as site visits, discussions with company representatives, management presentations, etc. Research issued by JPMSAL has been prepared in accordance with J.P. Morgan Australia's Research Independence Policy which can be found at the following link: J.P. Morgan Australia - Research Independence Policy.

Brazil: Banco J.P. Morgan S.A. is regulated by the Comissao de Valores Mobiliarios (CVM) and by the Central Bank of Brazil. Ombudsman J.P. Morgan: 0800-7700847 / 0800-7700810 (For Hearing Impaired) / ouvidoria.jp.morgan@jpmchase.com.

Canada: J.P. Morgan Securities Canada Inc. is a registered investment dealer, regulated by the Canadian Investment Regulatory Organization and the Ontario Securities Commission and is the participating member on Canadian exchanges. This material is distributed in Canada by or on behalf of J.P.Morgan Securities Canada Inc.

Chile: Inversiones J.P. Morgan Limitada is an unregulated entity incorporated in Chile.

China: J.P. Morgan Securities (China) Company Limited has been approved by CSRC to conduct the securities investment consultancy business.

Colombia: Banco J.P. Morgan Colombia S.A. is supervised by the Superintendencia Financiera de Colombia (SFC). Any reference in this material to products or services offered abroad by entities other than the Bank in Colombia is included exclusively for descriptive purposes. Such references do not constitute, and should not be construed as, promotional activity or the provision of financial products or services within Colombian territory, as defined under applicable Colombian regulation.

Dubai International Financial Centre (DIFC): JPMorgan Chase Bank, N.A., Dubai Branch is regulated by the Dubai Financial Services Authority (DFSA) and its registered address is Dubai International Financial Centre - The Gate, West Wing, Level 3 and 9 PO Box 506551, Dubai, UAE. This material has been distributed by JP Morgan Chase Bank, N.A., Dubai Branch to persons regarded as professional clients or market counterparties as defined under the DFSA rules.

European Economic Area (EEA): Unless specified to the contrary, research is distributed in the EEA by J.P. Morgan SE ("JPM SE"), which is authorised as a credit institution by the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and jointly supervised by the BaFin, the German Central Bank (Deutsche Bundesbank) and the European Central Bank (ECB). JPM SE is a company headquartered in Frankfurt with registered address at TaunusTurm, Taunustor 1, Frankfurt am Main, 60310, Germany. The material has been distributed in the EEA to persons regarded as professional investors (or equivalent) pursuant to Art. 4 para. 1 no. 10 and Annex II of MiFID II and its respective implementation in their home jurisdictions ("EEA professional investors"). This material must not be acted on or relied on by persons who are not EEA professional investors. Any investment or investment activity to which this material relates is only available to EEA relevant persons and will be engaged in only with EEA relevant persons.

Hong Kong: J.P. Morgan Securities (Asia Pacific) Limited (CE number AAJ321) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission in Hong Kong, and J.P. Morgan Broking (Hong Kong) Limited (CE number AAB027) is regulated by the Securities and Futures Commission in Hong Kong. JP Morgan Chase Bank, N.A., Hong Kong Branch (CE Number AAL996) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission, is organized under the laws of the United States with limited liability. Where the distribution of this material is a regulated activity in Hong Kong, the material is distributed in Hong Kong by or through J.P. Morgan Securities (Asia Pacific) Limited and/or J.P. Morgan Broking (Hong Kong) Limited.

India: J.P. Morgan India Private Limited (Corporate Identity Number - U67120MH1992FTC068724), having its registered office at J.P. Morgan Tower, Off. C.S.T. Road, Kalina, Santacruz - East, Mumbai – 400098, is registered with the Securities and Exchange Board of India (SEBI) as a 'Research Analyst' having registration number INH000001873. J.P. Morgan India Private Limited is also registered with SEBI as a member of the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited (SEBI Registration Number – INZ000239730) and as a Merchant Banker (SEBI Registration Number - MB/INM000002970). Telephone: 91-22-6157 3000, Facsimile: 91-22-6157 3990 and Website: http://www.jpmipl.com. JPMorgan Chase Bank, N.A. - Mumbai Branch is licensed by the Reserve Bank of India (RBI) (Licence No. 53/

Licence No. BY.4/94; SEBI - IN/CUS/014/ CDSL : IN-DP-CDSL-444-2008/ IN-DP-NSDL-285-2008/ INBI00000984/ INE231311239) as a Scheduled Commercial Bank in India, which is its primary license allowing it to carry on Banking business in India and other activities, which a Bank branch in India are permitted to undertake. For non-local research material, this material is not distributed in India by J.P. Morgan India Private Limited. Compliance Officer: Ashutosh Sharma; ashutosh.j.sharma@jpmchase.com; +912261575002. Grievance Officer: Ramprasadh K, jpmipl.research.feedback@jpmorgan.com; +912261573000. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. Please visit Terms and Conditions and Most Important Terms and Conditions (MITC). The annual Compliance audit report is available at http://www.jpmipl.com/#research.

Indonesia: PT J.P. Morgan Sekuritas Indonesia is a member of the Indonesia Stock Exchange and is registered and supervised by the Otoritas Jasa Keuangan (OJK).

Korea: J.P. Morgan Securities (Far East) Limited, Seoul Branch, is a member of the Korea Exchange (KRX). JPMorgan Chase Bank, N.A., Seoul Branch, is licensed as a branch office of foreign bank (JPMorgan Chase Bank, N.A.) in Korea. Both entities are regulated by the Financial Services Commission (FSC) and the Financial Supervisory Service (FSS). For non-macro research material, the material is distributed in Korea by or through J.P. Morgan Securities (Far East) Limited, Seoul Branch.

Japan: JPMorgan Securities Japan Co., Ltd. and JPMorgan Chase Bank, N.A., Tokyo Branch are regulated by the Financial Services Agency in Japan.

Malaysia: This material is issued and distributed in Malaysia by JPMorgan Securities (Malaysia) Sdn Bhd (18146-X), which is a Participating Organization of Bursa Malaysia Berhad and holds a Capital Markets Services License issued by the Securities Commission in Malaysia.

Mexico: J.P. Morgan Casa de Bolsa, S.A. de C.V., J.P. Morgan Grupo Financiero is member of the Mexican Stock Exchange ("Bolsa Mexicana de Valores") and the Institutional Stock Exchange ("Bolsa Institucional de Valores"), and it is authorized to act as a broker dealer by the National Banking and Securities Exchange Commission ("Comisión Nacional Bancaria y de Valores").

New Zealand: This material is issued and distributed by JPMSAL in New Zealand only to "wholesale clients" (as defined in the Financial Markets Conduct Act 2013). JPMSAL is registered as a Financial Service Provider under the Financial Service providers (Registration and Dispute Resolution) Act of 2008.

Nigeria: J.P. Morgan Chase Representative Office (Nigeria) Limited is regulated by the Central Bank of Nigeria.

Philippines: J.P. Morgan Securities Philippines Inc. is a Trading Participant of the Philippine Stock Exchange and a member of the Securities Clearing Corporation of the Philippines and the Securities Investor Protection Fund. It is regulated by the Securities and Exchange Commission.

Singapore: This material is issued and distributed in Singapore by or through J.P. Morgan Securities Singapore Private Limited (JPMSS) [MDDI (P) 070/08/2026 and Co. Reg. No.: 199405335R], which is a member of the Singapore Exchange Securities Trading Limited, and/or JPMorgan Chase Bank, N.A., Singapore branch (JPMCB Singapore), both of which are regulated by the Monetary Authority of Singapore. This material is issued and distributed in Singapore only to accredited investors, expert investors and institutional investors, as defined in Section 4A of the Securities and Futures Act, Cap. 289 (SFA). This material is not intended to be issued or distributed to any retail investors or any other investors that do not fall into the classes of "accredited investors," "expert investors" or "institutional investors," as defined under Section 4A of the SFA. Recipients of this material in Singapore are to contact JPMSS or JPMCB Singapore in respect of any matters arising from, or in connection with, the material.

South Africa: J.P. Morgan Equities South Africa Proprietary Limited and JPMorgan Chase Bank, N.A., Johannesburg Branch are members of the Johannesburg Securities Exchange and are regulated by the Financial Services Conduct Authority (FSCA).

Taiwan: J.P. Morgan Securities (Taiwan) Limited is a participant of the Taiwan Stock Exchange (company-type) and regulated by the Taiwan Securities and Futures Bureau. Material relating to equity securities is issued and distributed in Taiwan by J.P. Morgan Securities (Taiwan) Limited, subject to the license scope and the applicable laws and the regulations in Taiwan. **To the extent that J.P. Morgan Securities (Taiwan) Limited produces research materials on securities not listed on the Taiwan Stock Exchange or Taipei Exchange ("Non-Taiwan Listed Securities"), these materials shall not constitute securities recommendations for the purpose of applicable Taiwan regulations, and, for the avoidance of doubt, J.P. Morgan Securities (Taiwan) Limited does not act as broker for Non-Taiwan Listed Securities.** According to Paragraph 2, Article 7-1 of Operational Regulations Governing Securities Firms Recommending Trades in Securities to Customers (as amended or supplemented) and/or other applicable laws or regulations, please note that the recipient of this material is not permitted to engage in any activities in connection with the material that may give rise to conflicts of interests, unless otherwise disclosed in the "Important Disclosures" in this material.

Thailand: This material is issued and distributed in Thailand by JPMorgan Securities (Thailand) Ltd., which is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission. The registered address is 548 One City Center Building, 50th Floor, Ploenchit Road, Lumphini, Pathum Wan, Bangkok 10330.

UK: Research is produced in the UK by J.P. Morgan Securities plc ("JPMS plc") which is a member of the London Stock Exchange and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority or J.P. Morgan Markets Limited ("JPMML Ltd") which is authorised and regulated by the Financial Conduct Authority. Unless specified to the contrary, this material is distributed in the UK by JPMS plc and is directed in the UK only to: (a) persons having professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) (Order) 2005

("the FPO"); (b) persons outlined in article 49 of the FPO (high net worth companies, unincorporated associations or partnerships, the trustees of high value trusts, etc.); or (c) any persons to whom this communication may otherwise lawfully be made; all such persons being referred to as "UK relevant persons". This material must not be acted on or relied on by persons who are not UK relevant persons. Any investment or investment activity to which this material relates is only available to UK relevant persons and will be engaged in only with UK relevant persons. A description of J.P. Morgan EMEA's policy for prevention and avoidance of conflicts of interest related to the production of Research can be found at the following link: J.P. Morgan EMEA - Research Independence Policy.

U.S.: J.P. Morgan Securities LLC ("JPMS") is a member of the NYSE, FINRA, SIPC, and the NFA. JPMorgan Chase Bank, N.A. is a member of the FDIC. Material published by non-U.S. affiliates is distributed in the U.S. by JPMS who accepts responsibility for its content.

General: Additional information is available upon request. The information in this material has been obtained from sources believed to be reliable. While all reasonable care has been taken to ensure that the facts stated in this material are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable, JPMorgan Chase & Co. or its affiliates and/or subsidiaries (collectively J.P. Morgan) make no representations or warranties whatsoever to the completeness or accuracy of the material provided, except with respect to any disclosures relative to J.P. Morgan and the Research Analyst's involvement with the issuer that is the subject of the material. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this material. There may be certain discrepancies with data and/or limited content in this material as a result of calculations, adjustments, translations to different languages, and/or local regulatory restrictions, as applicable. These discrepancies should not impact the overall investment analysis, views and/or recommendations of the subject company(ies) that may be discussed in the material. Artificial intelligence tools may have been used in the preparation of this material, including assisting in data analysis, pattern recognition, and content drafting for research material. J.P. Morgan accepts no liability whatsoever for any loss arising from any use of this material or its contents, and neither J.P. Morgan nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof, apart from the liabilities and responsibilities that may be imposed on them by the relevant regulatory authority in the jurisdiction in question, or the regulatory regime thereunder. Opinions, forecasts or projections contained in this material represent J.P. Morgan's current opinions or judgment as of the date of the material only and are therefore subject to change without notice. Periodic updates may be provided on companies/industries based on company-specific developments or announcements, market conditions or any other publicly available information. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections, which represent only one possible outcome. Furthermore, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified, and future actual results or events could differ materially. The value of, or income from, any investments referred to in this material may fluctuate and/or be affected by changes in exchange rates. All pricing is indicative as of the close of market for the securities discussed, unless otherwise stated. Past performance is not indicative of future results. Accordingly, investors may receive back less than originally invested. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients. This material may include views on structured securities, options, futures and other derivatives. These are complex instruments, may involve a high degree of risk and may be appropriate investments only for sophisticated investors who are capable of understanding and assuming the risks involved. The recipients of this material must make their own independent decisions regarding any securities or financial instruments mentioned herein and should seek advice from such independent financial, legal, tax or other adviser as they deem necessary. J.P. Morgan may trade as a principal on the basis of the Research Analysts' views and research, and it may also engage in transactions for its own account or for its clients' accounts in a manner inconsistent with the views taken in this material, and J.P. Morgan is under no obligation to ensure that such other communication is brought to the attention of any recipient of this material. Others within J.P. Morgan, including Strategists, Sales staff and other Research Analysts, may take views that are inconsistent with those taken in this material. Employees of J.P. Morgan not involved in the preparation of this material may have investments in the securities (or derivatives of such securities) mentioned in this material and may trade them in ways different from those discussed in this material. This material is not an advertisement for or marketing of any issuer, its products or services, or its securities in any jurisdiction.

Confidentiality and Security Notice: This transmission may contain information that is privileged, confidential, legally privileged, and/or exempt from disclosure under applicable law. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution, or use of the information contained herein (including any reliance thereon) is STRICTLY PROHIBITED. Although this transmission and any attachments are believed to be free of any virus or other defect that might affect any computer system into which it is received and opened, it is the responsibility of the recipient to ensure that it is virus free and no responsibility is accepted by JPMorgan Chase & Co., its subsidiaries and affiliates, as applicable, for any loss or damage arising in any way from its use. If you received this transmission in error, please immediately contact the sender and destroy the material in its entirety, whether in electronic or hard copy format. This message is subject to electronic monitoring: https://www.jpmorgan.com/disclosures/email

MSCI: Certain information herein ("Information") is reproduced by permission of MSCI Inc., its affiliates and information providers ("MSCI") ©2026. No reproduction or dissemination of the Information is permitted without an appropriate license. MSCI MAKES NO EXPRESS OR IMPLIED WARRANTIES (INCLUDING MERCHANTABILITY OR FITNESS) AS TO THE INFORMATION AND DISCLAIMS ALL LIABILITY TO THE EXTENT PERMITTED BY LAW. No Information constitutes investment advice, except for any applicable Information from MSCI ESG Research. Subject also to msci.com/disclaimer

Any mentions of third-party trademarks, brand names, products, and services are for referential purposes only and any mention thereof is not meant to imply any sponsorship, endorsement, or affiliation.

Sustainalytics: Certain information, data, analyses and opinions contained herein are reproduced by permission of Sustainalytics and: (1)

includes the proprietary information of Sustainalytics; (2) may not be copied or redistributed except as specifically authorized; (3) do not constitute investment advice nor an endorsement of any product or project; (4) are provided solely for informational purposes; and (5) are not warranted to be complete, accurate or timely. Sustainalytics is not responsible for any trading decisions, damages or other losses related to it or its use. The use of the data is subject to conditions available at https://www.sustainalytics.com/legal-disclaimers. ©2026 Sustainalytics. All Rights Reserved.

"Other Disclosures" last revised October 17, 2026.

Copyright 2026 JPMorgan Chase & Co. All rights reserved. This material or any portion hereof may not be reprinted, sold or redistributed without the written consent of J.P. Morgan. Without prior written consent from J.P. Morgan, it is prohibited to (A) use or share any material, commentary, information or other data received from J.P. Morgan or an authorized third-party ("J.P. Morgan Data") in any artificial intelligence ("AI") systems or models, or (B) use automated means, including robots, crawlers, web-scrapers or other automated tools or scripts, to access, collect, extract or harvest any J.P. Morgan Data, including scraping of user data, content, metadata, pricing information or other information.

Completed 26 Oct 2026 03:42 PM HKT

Disseminated 26 Oct 2026 07:00 PM HKT